



2020 Third Quarter Earnings Conference Call

November 5, 2020



Ed Vallejo

Vice President, Investor Relations

Forward-Looking Statements

Safe Harbor

This presentation includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation. The factors that could cause actual results to differ, including uncertainties, risks and other factors associated with the current novel coronavirus (COVID-19) pandemic, are discussed in the Appendix to this presentation, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, as filed with the SEC on November 4, 2020.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures. Further information regarding these non-GAAP financial measures, including a reconciliation of each of these measures to the most directly comparable GAAP measure, is included in the Appendix to this presentation.

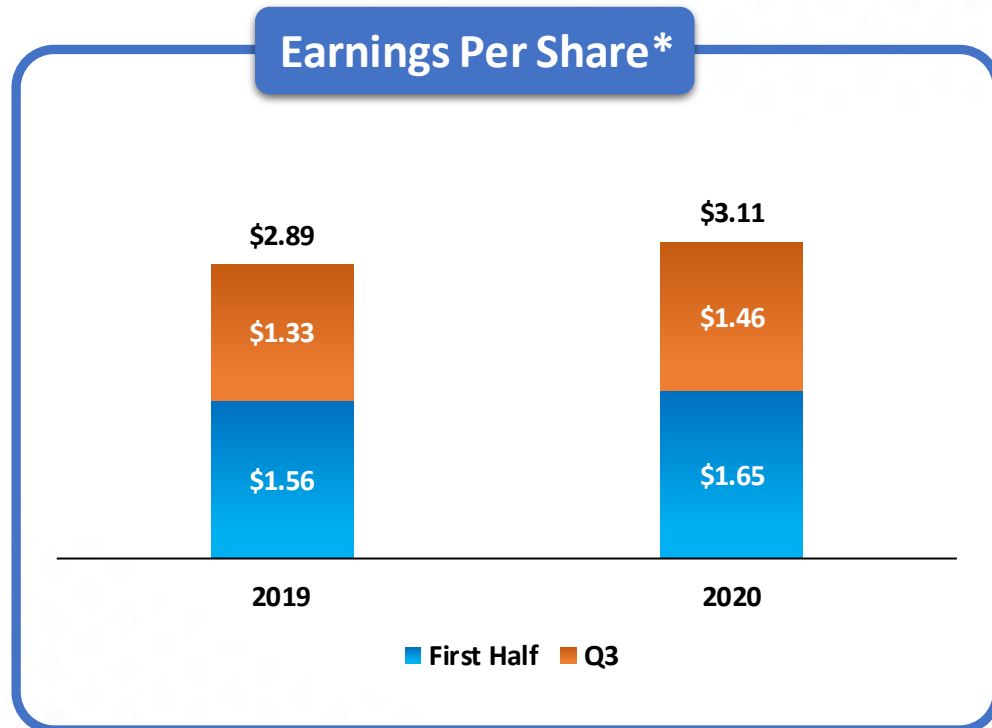


Walter Lynch

President and Chief Executive Officer

Year-to-Date and Q3 2020 Financial Performance and Growth

Earnings Per Share*



Regulated Investment

- ~\$1.38 billion total capex invested
- Organic growth ~10,900 customer connections as of September 30, 2020
- 34.2%** O&M efficiency ratio LTM

Regulated Acquisitions

- Closed ~36,200 customer connections as of November 3, 2020
- ~19,000 customer connections under agreement as of November 3, 2020
- Strong pipeline continues

Market-Based Businesses

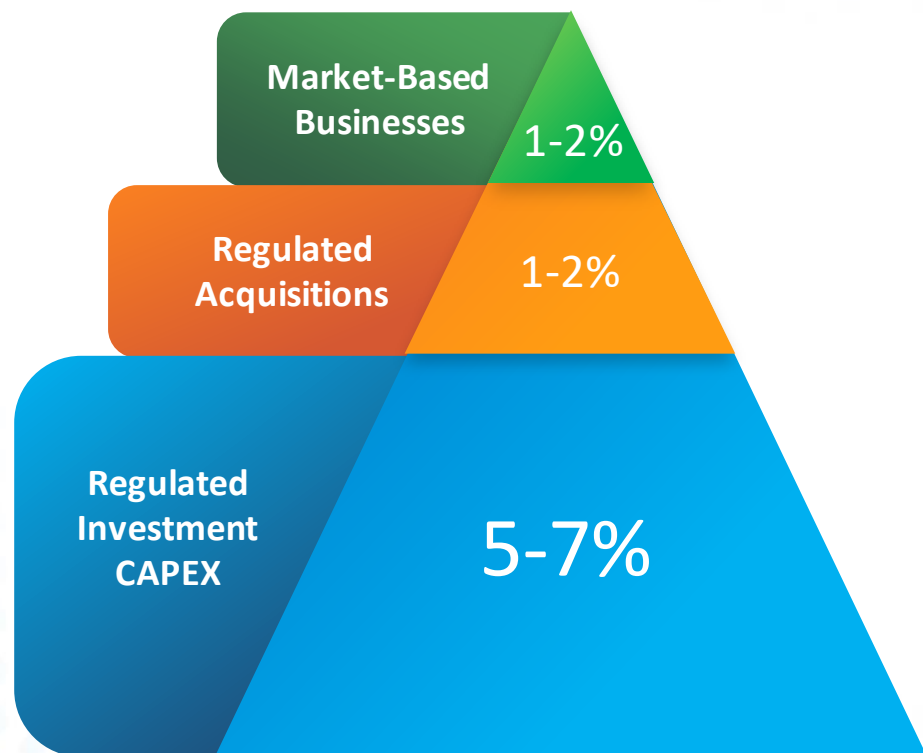
- Military Services Group: Joint Base San Antonio and U.S. Military Academy at West Point, New York are in full operation as of June 1, 2020
- Awarded Joint Base Lewis-McChord in September 2020
- Year-to-Date Homeowner Services performance reflects price increases and organic growth; some pressure from COVID-19

* 2019: year-to-date results include a \$0.01 per share favorable impact related to the Freedom Industries chemical spill reduction in liability in the first quarter 2019, and an estimated \$0.04 per share unfavorable impact from weather in the second quarter 2019. 2020 results reflect an estimated \$0.06 per share favorable impact from weather for third quarter and year-to-date periods, \$0.01 and \$0.04 per share favorable impact from depreciation not recorded as required by assets held for sale accounting for third quarter and year-to-date periods, and an estimated \$0.03 per share favorable and \$0.02 per share unfavorable impact related to COVID-19 for the third quarter and year-to-date periods, respectively

** For 12-months ended September 30, 2020. Non-GAAP measure: please see reconciliation table in appendix

The Execution of Our Strategy Continues

Long-term EPS growth expected in the 7-10%* target range
EPS CAGR guidance through 2024



Clear investment thesis provides confidence in
long-term strategy

- Decades of investment needed
- Line of sight to \$20 - \$22 billion of 10-year capital investment
- Fragmented national water and wastewater landscape
- Capital-light MBBs enhance customer experience and generate cash
- 2020-2024 Dividend Growth projected at high end of 7-10% range**
- A Leading Environmental, Social Responsibility and Governance (ESG) investment

Regulated Business Update

Regulatory



- Settlement agreement approved by BPU October 28, 2020
- Capital Investment of ≈\$1 billion
- Authorized ROE 9.6%



- Settlement agreement filed effective November 2, 2020
- Rate Case filed April 29, 2020
- Capital Investment of ≈\$1.6 billion



- Rate Case filed August 28, 2020
- Capital Investment of ≈\$87 million
- Requested ROE 10.5%



- Rate Case filed June 30, 2020
- Capital Investment of ≈\$950 million
- Requested ROE 10.5%

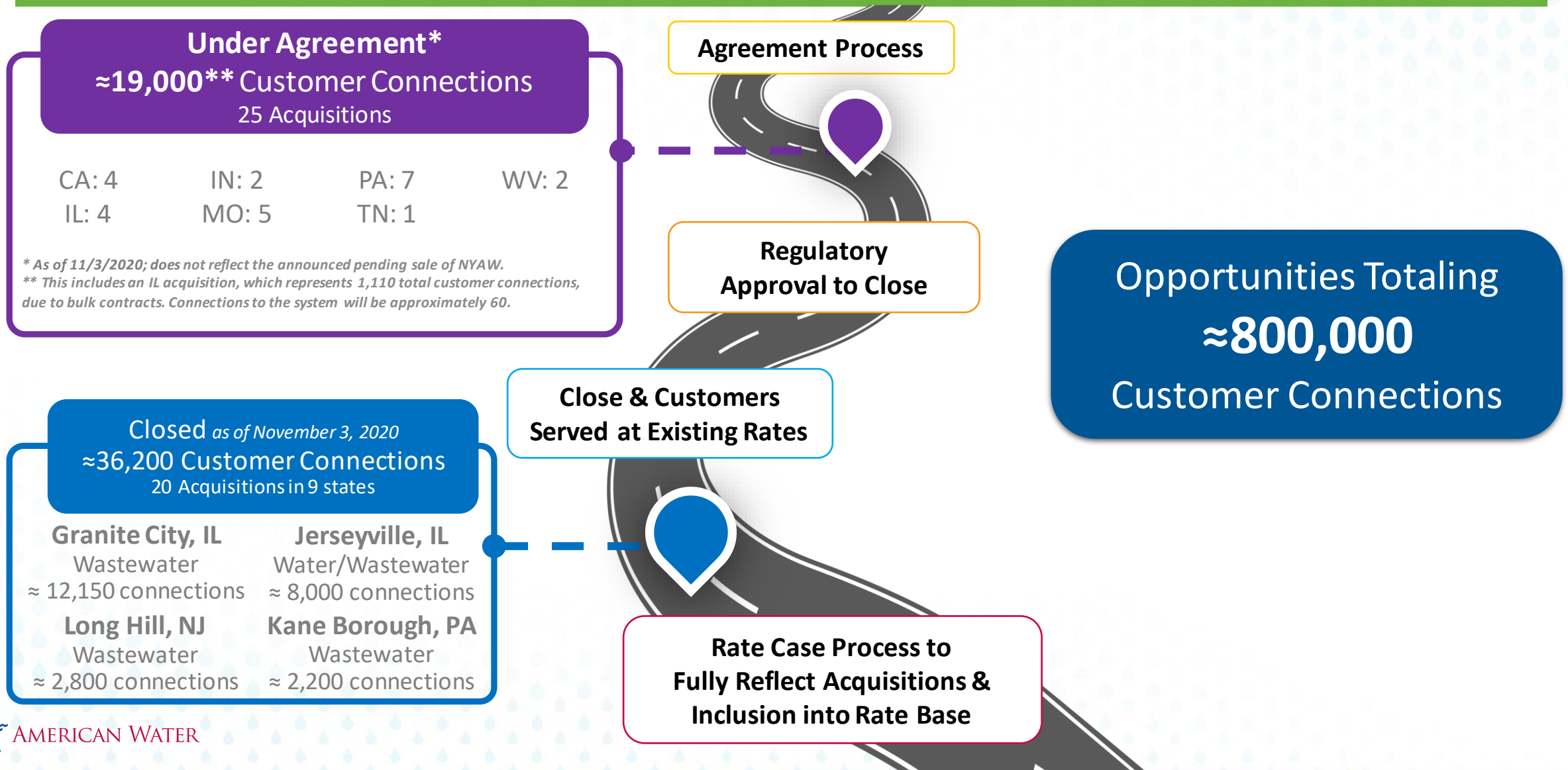


- Rate Case filed July 1, 2019
- Capital Investment of ≈\$197 million
- ROE previously set in separate Cost of Capital Decision*
- Rates covering 2021 through 2023

Legislative

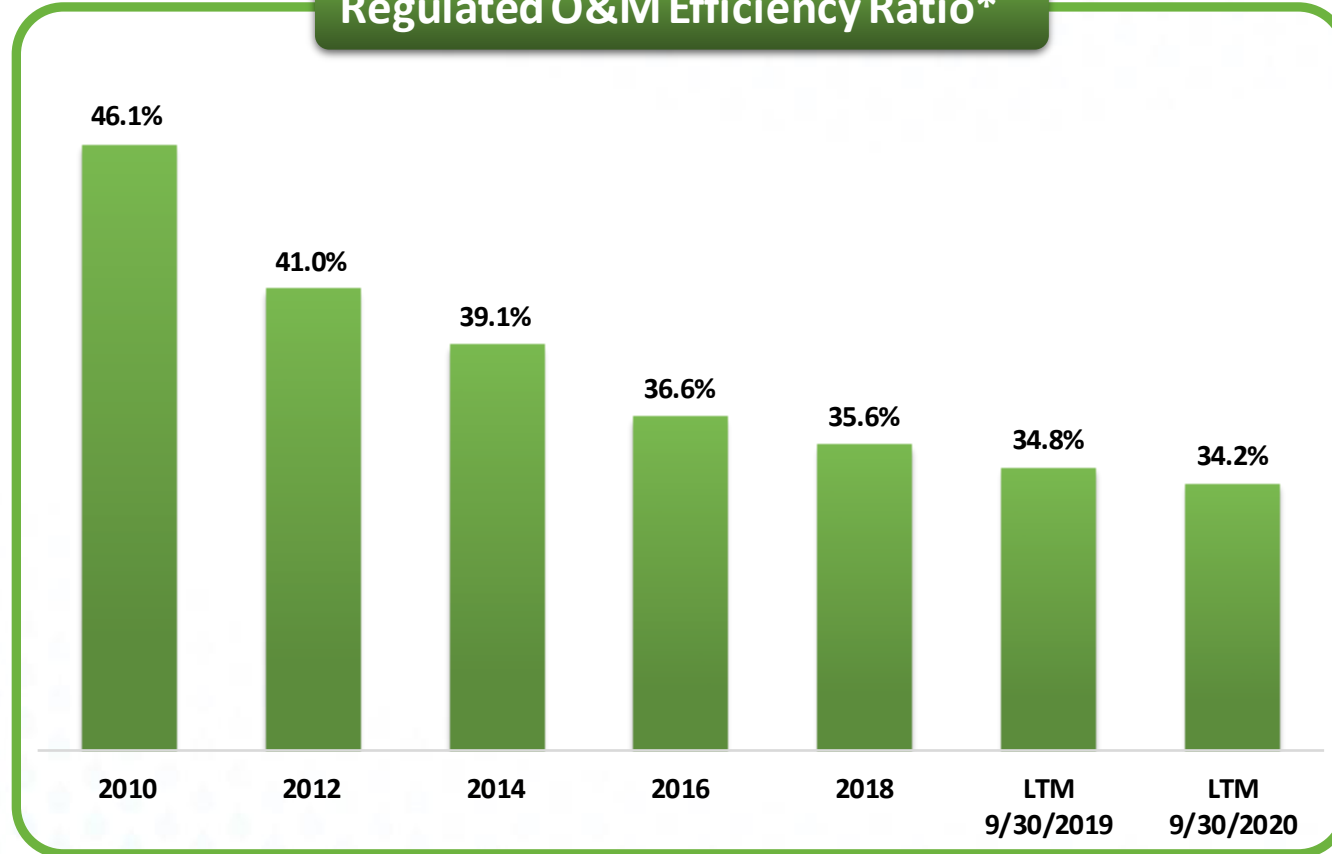
- **Indiana** (HB254 & HB1131)
 - Authorizes recovery without full rate case for service enhancements for above ground infrastructure, and exempts relocation from DSIC recovery caps
 - Establishes an appraisal process for non-municipal utilities to establish fair market value
- **Iowa** (HF2452)
 - Gives the Iowa Utilities Board 180 days to approve acquisitions
 - Allows systems to qualify as a distressed system when they do not have a certified operator
- **Virginia** (S831)
 - Establishes fair market value
 - Authorizes a water or sewer public utility acquiring a system to establish rate base through fair market value
- **West Virginia** (S551)
 - Allows for expanded asset valuation, combined water and wastewater ratemaking, and the expansion of how municipalities can utilize proceeds from the sale of a system

Regulated Acquisitions Update



Disciplined Focus on Operating Costs

Regulated O&M Efficiency Ratio*



- 2024 O&M Efficiency Target remains at **31.3%****
- Adjusted O&M Expenses from 2010 to LTM 2020 increased only **0.9% CAGR***
- Added **≈317,000***** customer connections since 2010



Susan Hardwick
Chief Financial Officer

Continued Execution of Company Strategy

Third Quarter 2020 Results

EPS Contribution by Business

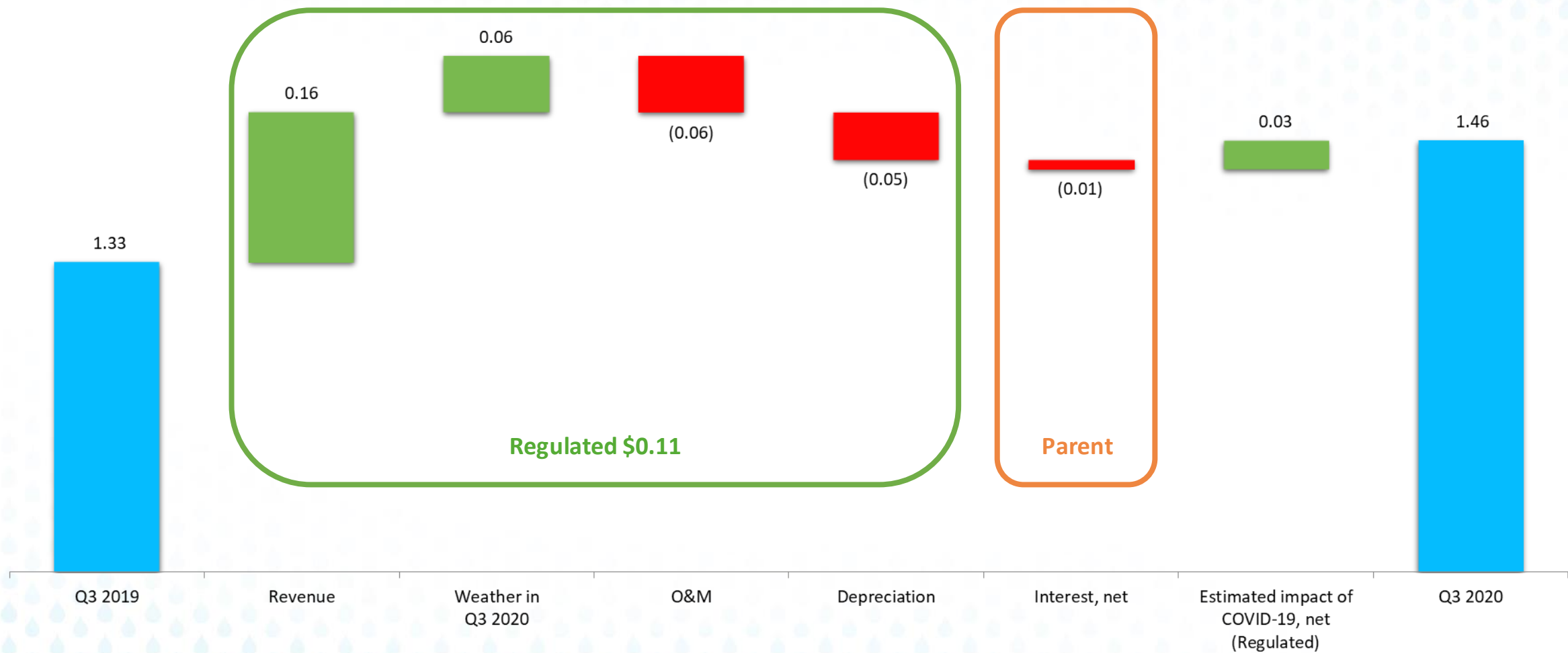
	<u>Three Months Ended</u> <u>09/30/2020</u>	<u>Three Months Ended</u> <u>09/30/2019</u>	<u>Change</u>
Regulated	\$1.44	\$1.30	\$0.14
Market Based	\$0.12	\$0.12	\$0.00
Parent Interest & Other	(\$0.10)	(\$0.09)	(\$0.01)
Total EPS	\$1.46	\$1.33	\$0.13

YTD 2020 Results

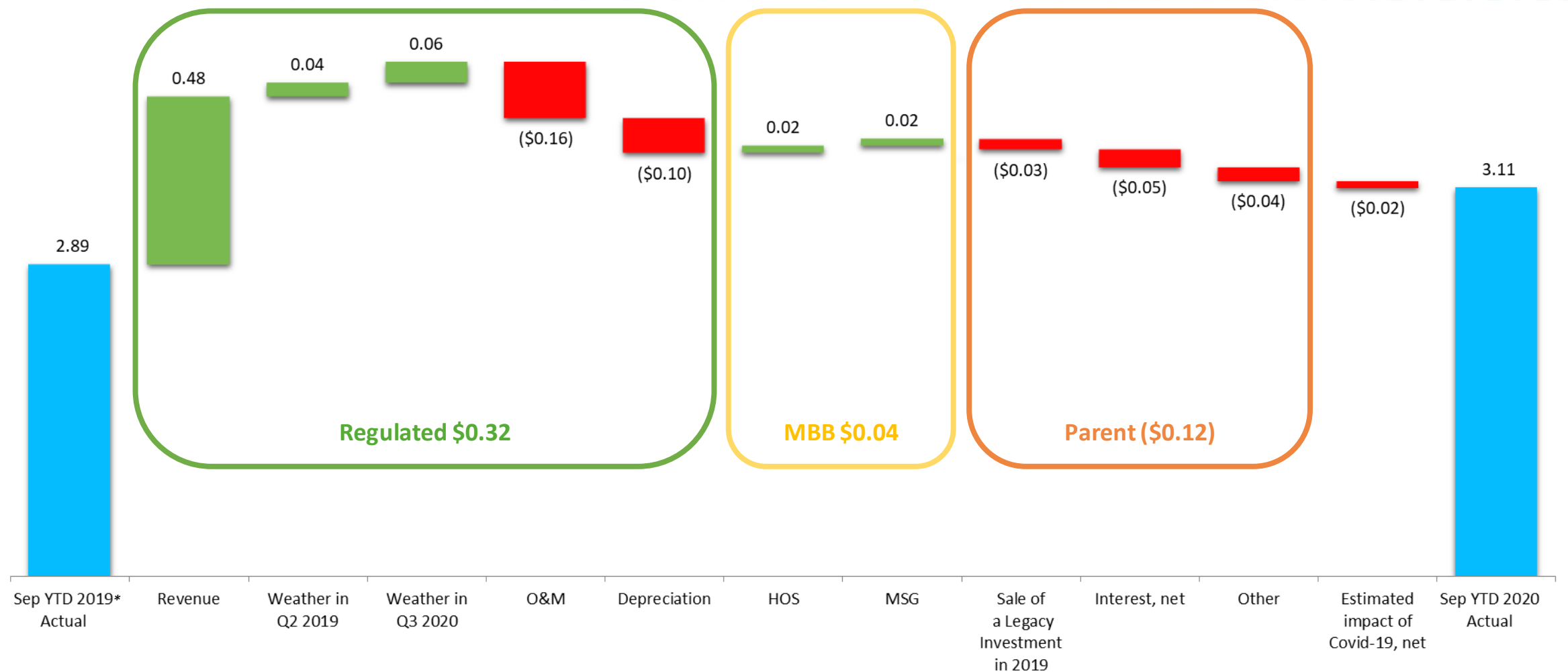
EPS Contribution by Business

	<u>Nine Months Ended</u> <u>09/30/2020</u>	<u>Nine Months Ended</u> <u>09/30/2019</u>	<u>Change</u>
Regulated	\$3.09	\$2.77	\$0.32
Market Based	\$0.37	\$0.35	\$0.02
Parent Interest & Other	(\$0.35)	(\$0.23)	(\$0.12)
Total EPS	\$3.11	\$2.89	\$0.22

Third Quarter EPS Detail by Business



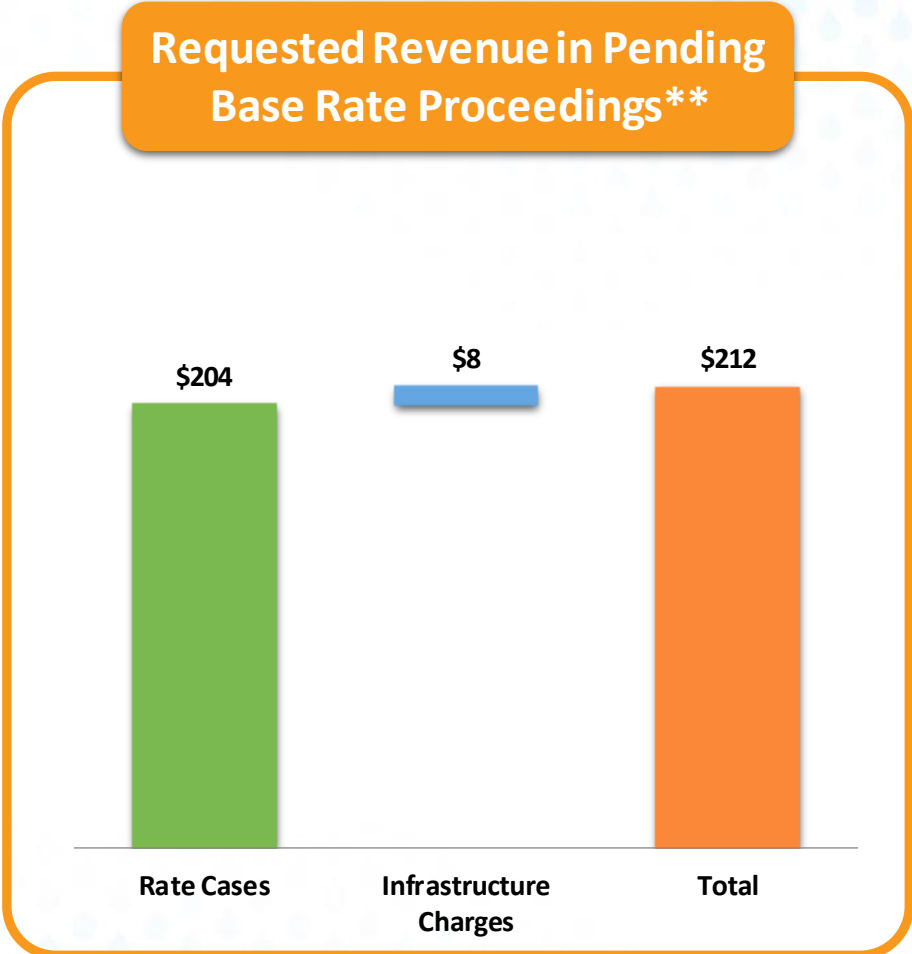
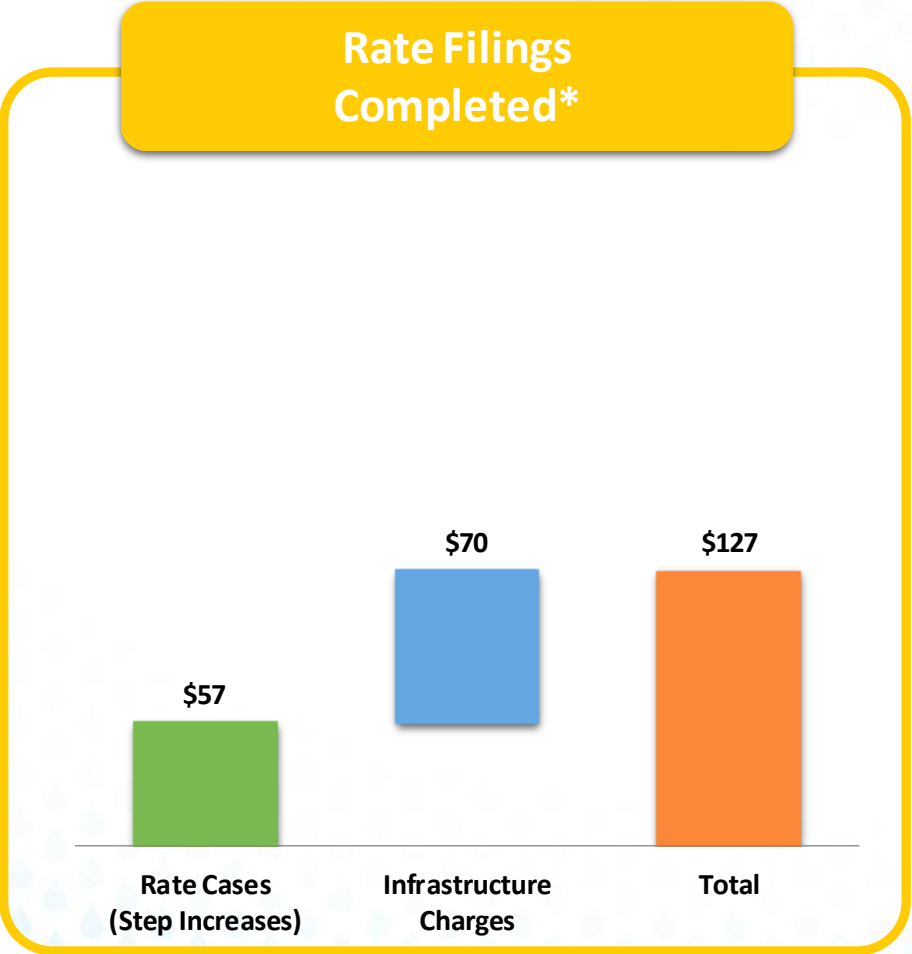
Year-to-Date EPS Detail by Business



* 2019 GAAP results include \$0.01 per share benefit related to the Freedom Industries chemical spill reduction in liability

Rate Filings Completed and Awaiting Final Order

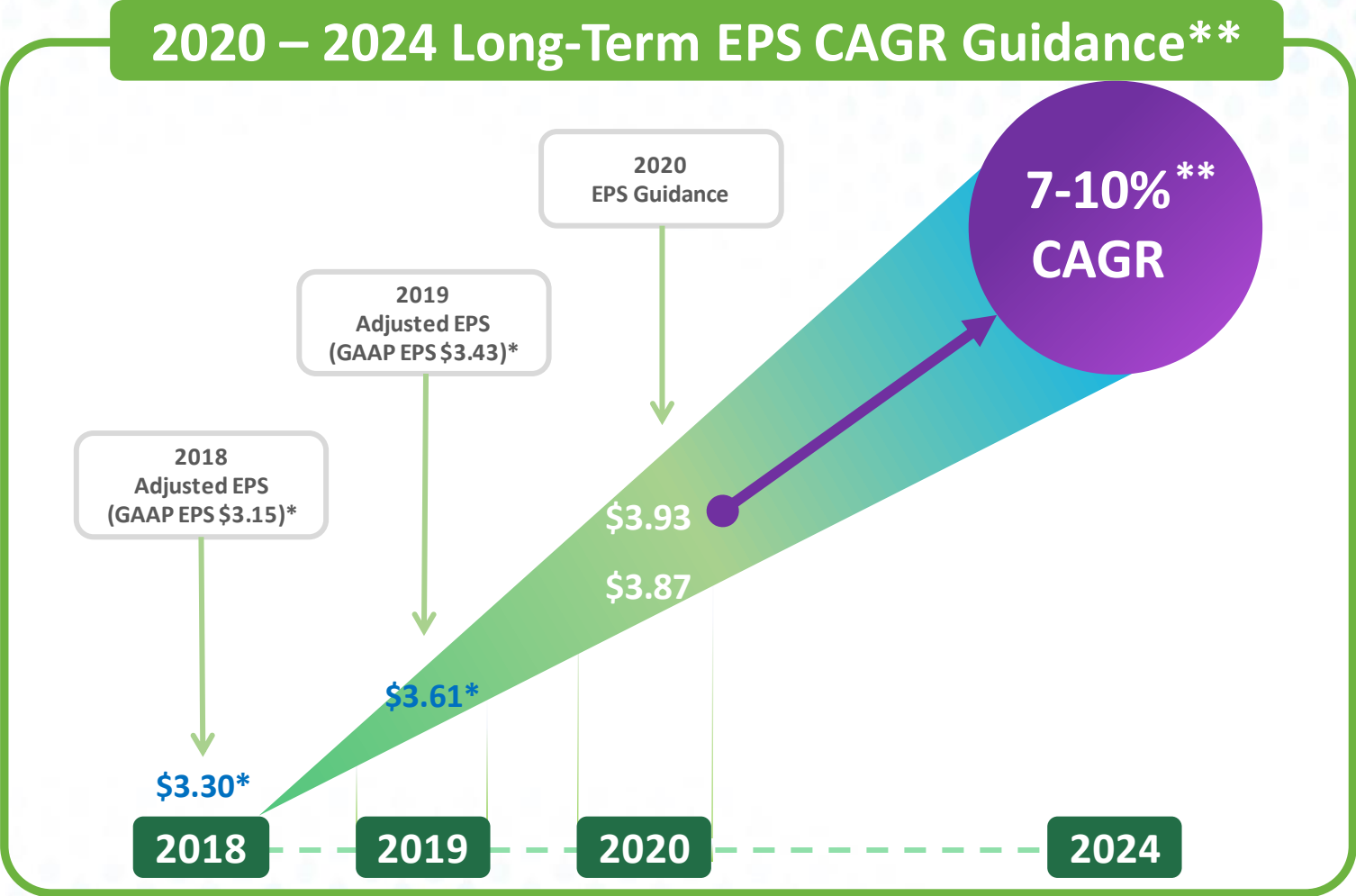
(\$ in millions)



**Annualized Revenue Increase for Rates Effective Since January 1, 2020*
*** Includes revenues originally requested by Pennsylvania-American in its 2019 general rate case filing*

2020 EPS and Long-Term Guidance

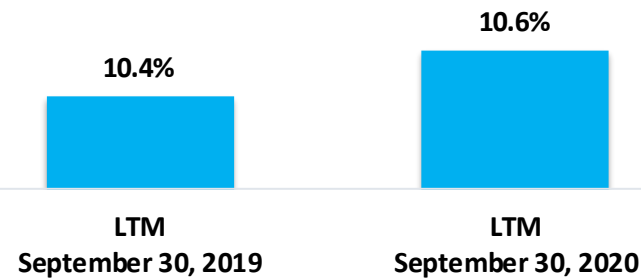
**2020 EPS Guidance
Increased
\$3.87 - \$3.93**



* Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information
** Long-Term EPS reflects 2020 – 2024 EPS CAGR goal of 7-10%, anchored off of 2018 Adjusted EPS (a non-GAAP measure)

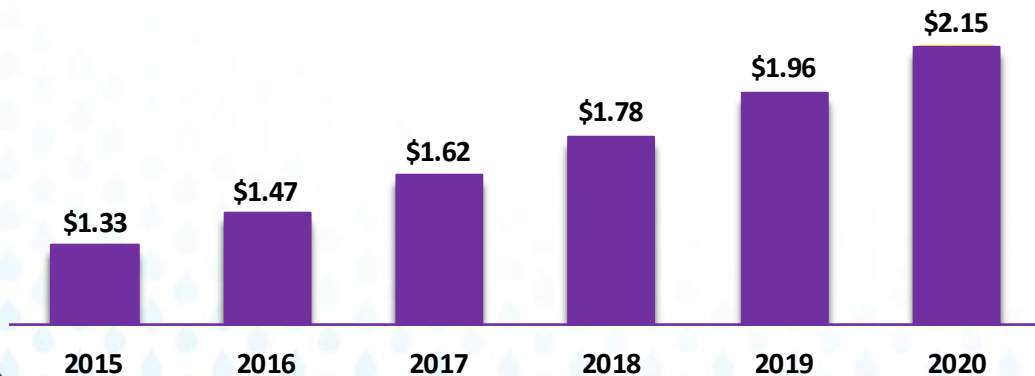
Delivering Value

AWK Shareholder Value Adjusted Consolidated Return on Equity*



Regulated
Wt Avg authorized
ROE is 9.8%

Dividend Growth



Value Drivers

- **Consistent** Earnings Growth
- **Smooth** Capital Deployment
- **Disciplined** Approach to Acquisitions
- **Strong** Balance Sheet
- **Five Consecutive years** of dividend increase at the top of the range
- **Top** quartile dividend growth with a payout target of **50-60%**

Supporting Our Veterans

"There is no greater honor than serving our great country and supporting the men and women who have served and continue to serve our country. We are proud and privileged to have them on our team, as we continue to keep life flowing, by providing essential services to nearly 15 million Americans, including active military personnel living and working on 17 military installations, across the country."

- Walter Lynch, President & CEO



Q&A Session

Investor Relations Contacts



Ed Vallejo

Vice President, Investor Relations
edward.vallejo@amwater.com



Michael Tavani

Senior Manager, Investor Relations
michael.tavani@amwater.com



Abbey Barksdale

Senior Manager, Investor Relations & ESG
abbey.barksdale@amwater.com

Upcoming Events

November 9-10, 2020:
EEI Financial Conference

February 2021:
2020 Year-End Earnings Call and Presentation of
2021 Initial Guidance and 2021-2025 Business Plan

Appendix

Forward-Looking Statements

Certain statements in this presentation, including, without limitation, with respect to: earnings per share guidance; dividend growth guidance; the timing and outcome of pending or future acquisition activity and the completion of the announced sale of New York American Water Company, Inc.; the Company's future financial performance, liquidity and cash flows; the Company's ability to finance current operations, capital expenditures and growth initiatives by accessing the debt and equity capital markets; the impacts to the Company of the current pandemic health event resulting from the novel coronavirus (COVID-19); the amount and allocation of future capital investments and expenditures; estimated revenues and regulatory recovery from general rate cases and other governmental agency authorizations, including filings for infrastructure surcharges and to address regulatory lag; estimates regarding the Company's projected rate base, growth, results of operations and financial condition; the Company's projected regulated operation and maintenance efficiency ratio; trends in the industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; the Company's ability to execute its business and operational strategy; and regulatory, legislative, tax policy or legal developments, including projected impacts of the Tax Cuts and Jobs Act (the "TCJA"), are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain", "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 18, 2020, and subsequent filings with the SEC, and because of factors including, without limitation: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates and regulatory responses to the COVID-19 pandemic; changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts and impacts of the COVID-19 pandemic, or otherwise; a loss of one or more large industrial or commercial customers due to adverse economic conditions, the COVID-19 pandemic, or other factors; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof; changes in laws, governmental regulations and policies, including with respect to environmental, health and safety, consumer privacy, water quality and water quality accountability, emerging contaminants, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; risks associated with the Company's aging infrastructure and its ability to appropriately maintain and replace current infrastructure and systems; exposure or infiltration of the Company's technology and critical infrastructure systems through physical or cyber attacks or other means; the Company's ability to obtain permits and other approvals for projects and construction of various water and wastewater facilities; the Company's ability to control operating expenses and to achieve efficiencies in its operations; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or water provided to its customers; the Company's ability to obtain adequate and cost-effective supplies of equipment, chemicals, electricity, fuel, water, other raw materials; the Company's ability to successfully meet growth projections for its businesses and capitalize on growth opportunities, including its ability to, among other things, acquire, close and successfully integrate regulated operations and market-based businesses, enter into contracts and other agreements with, or otherwise obtain, new customers in the Company's market-based businesses, and realize anticipated benefits and synergies from new acquisitions; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's exposure to liabilities related to environmental laws and similar matters; changes in general economic, political, business and financial market conditions, including conditions and collateral consequences associated with the COVID-19 pandemic; access to sufficient debt and/or equity capital on satisfactory terms and when and as needed to support operations and capital expenditures; changes in federal or state general, income and other tax laws, including with respect to the TCJA, the availability of tax credits and tax abatement programs, and the Company's ability to utilize its U.S. federal and state income tax net operating loss carryforwards; and other factors as may be set forth in the Company's SEC filings.

These and other forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors and cautionary statements included in the Company's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties, risk factors and statements in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this presentation was first used or given. The Company does not have and does not undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

American Water's COVID-19 Response

Employees

- Suspended all work-related air and rail travel as of March 3 & suspended participation in sponsored events and public gatherings
- Employees who can work from home have continued to do so since March 16 with limited reintegration based on local guidelines and requirements
- Implemented social distancing and enhanced safety measures for employees
- Paid leave for COVID-19 diagnosis, required quarantine and childcare



Customers and Communities

- Suspended billing-related service shutoffs and restored service to customers who were previously shut off for non-payment
- Suspended late payment fees and collection activity for customers through August 31 with activity starting as each state's moratorium period ends
- Working with customers who are experiencing a financial hardship by offering customer assistance programs and access to low income programs
- Implemented social distancing and enhanced safety measures for employees who engage with customers
- Made more than \$400,000 in charitable contributions to support our communities as they deal with the impacts of COVID-19

Regulatory & Liquidity

- Implemented actions to ensure liquidity and access to capital
- Increased communications with public service commissions, customers, and public officials
- Actively engaged with state regulatory commissions to address COVID-19 financial impacts, with commission approval orders received in 11 out of 14 regulated jurisdictions as of November 3, 2020

2020 Closed Acquisitions*



As of November 3, 2020

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
California	2	6,300	-	6,300
Hawaii	1	-	200	200
Iowa	2	250	-	250
Illinois	10	5,200	18,500	23,700
Indiana	1	-	400	400
Missouri	1	-	50	50
New Jersey	1	-	2,800	2,800
Pennsylvania	1	-	2,200	2,200
West Virginia	1	300	-	300
Total	20	12,050	24,150	36,200

Acquisitions* *Under Agreement as of November 3, 2020*

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
California	4	6,200	-	6,200
Illinois**	4	1,700	400	2,100
Indiana	2	100	100	200
Missouri	5	50	1,400	1,450
Pennsylvania	7	1,700	6,200	7,900
Tennessee	1	100	-	100
West Virginia	2	1,000	-	1,000
Total	25	11,000	8,000	19,000

Rate Base Calculation*

(\$ in billions)



Estimated Rate Base*	
	As of 9/30/2020
Net Utility Plant	\$19.6
Less	
Advances for Construction	\$0.3
CIAC - Contributions in Aid of Construction	\$1.4
Net Deferred income taxes	\$3.3
	\$5.0
Total Estimated Rate Base	\$14.6

≈7-8%**

Expected Rate Base CAGR through 2024

*An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes. Amounts may not sum due to rounding
**Anchored off of 2018 rate base

Rates Effective Since...



January 1, 2020

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases Effective in 2020
California (Step Increase)	1/1/2020	\$5
Indiana (Step Increase)	5/1/2020	13 ^(a)
New Jersey (Rate Case)	11/1/2020	39
		\$57

Infrastructure Charges	Date Effective	Annualized Revenue Increases Effective in 2020
West Virginia (DSIC)	1/1/2020	\$3
Pennsylvania (W-DSIC)	1/1/2020	9
Pennsylvania (WW-DSIC)	1/1/2020	1
Illinois (QIP)	1/1/2020	7
New Jersey (DSIC)	1/1/2020	10
Tennessee (QIIP, EDI, SEC)	1/1/2020	2
Pennsylvania (DSIC)	4/1/2020	5
Missouri (ISRS)	6/27/2020	10
New Jersey (DSIC)	6/29/2020	10
Kentucky (QIP)	7/1/2020	1
Pennsylvania (DSIC)	7/2/2020	4
Pennsylvania (DSIC)	10/1/2020	8

\$70

Total

\$127



^(a) The overall increase is \$17.5 million in revenues combined over two steps, the first step is effective 7/1/2019 in the amount of \$4.4 million and the second step became effective 5/1/2020 in the amount of \$13.1 pending protest rights to the certified numbers



AMERICAN WATER

Pending Rate Case Filings

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
Virginia	Case No. PUR-2018-00175	11/2/2018	\$5 ^(a)	10.8%	\$196
California	Case No. A.19-07-004	7/1/2019	26 ^(b)		689
Pennsylvania	Docket R-2020-3019369 (W) & R-2020-3019371 (WW)	4/29/2020	92 ^(c)	10.8%	3,975
Missouri	Case No. WR-2020-0344	6/30/2020	78 ^(d)	10.5%	1,823
Iowa	Case No. RPU-2020-0001	8/28/2020	3 ^(e)	10.5%	145
			\$204		\$6,828
Infrastructure Charges Filed					
New York (SIC)		5/29/2020	\$1		\$7
West Virginia (DSIC)		6/29/2020	5 ^(f)		54
Missouri (ISRS)		8/28/2020	2		25
			\$8		\$86
Total			\$212		



^(a) The requested increase filed for was \$5.6 million, which includes \$0.9 million from infrastructure filings. Interim rates were effective on May 1, 2019, under bond and subject to refund

^(b) On July 1, the company filed for a Test Year 2021 revenue requirement request of \$26.0 million which excludes the escalation year and attrition year rate increases for 2022 and 2023 of \$9.8 million and \$10.8 million, respectively. The Company filed its 100 day update on October 11, 2019, requesting \$27.3 million annualized incremental revenues for 2021, and increases of \$9.5 million and \$10.3 million in the escalation year of 2022 and the attrition year of 2023, respectively

^(c) On October 30, 2020, the Company reached a settlement with the Commission's Bureau of Investigation and Enforcement providing for an increase of \$70.5 million in annualized revenue over a two-year period. This settlement was filed with the Commission effective November 2, 2020, and is subject to further briefing by the remaining parties, ALJ recommendation and Commission approval

^(d) The requested increase is \$78.1 million, which excludes \$29.4 million from the ISRS

^(e) The requested increase is \$2.9 million, which excludes \$1 million from the QIP

^(f) The company updated its filing on September 22, 2020 to \$4.7 million from the original filed amount of \$3.9 million



Regulatory Information

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	\$498,135	\$883,386	\$1,182,170	\$443,654	\$1,249,293 ^(b)
Authorized ROE	9.20% ^(a)	9.79%	9.80%	9.70%	10.00% ^(e)
Authorized Equity	55.39% ^(a)	49.80%	53.41% ^(c)	48.90%	52.80% ^(d)
Effective Date of Rate Case	1/1/2018 ^(a)	1/1/2017	5/1/2020	6/28/2019	5/28/2018
	NEW JERSEY	NEW YORK	PENNSYLVANIA	VIRGINIA	WEST VIRGINIA
Authorized Rate Base*	\$3,573,450	\$275,463	\$3,162,597 ^(b)	\$155,747	\$652,900 ^(g)
Authorized ROE	9.60%	9.10%	10.00% ^(e)	9.25%	9.75%
Authorized Equity	54.56%	46.00%	53.75% ^(d)	46.09%	48.40% ^(g)
Effective Date of Rate Case	11/1/2020	6/1/2017	1/1/2018	5/24/2017 ^(f)	2/25/2019

*Rate Base stated in \$000s



^(a) On March 22, 2018, Decision 18-03-035 set the authorized cost of capital for 2018 through 2020. CAW has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding

^(b) The Rate Base listed is the Company's view of the Rate Base allowed in the case, the Rate Base was not disclosed in the Order or the applicable settlement agreement

^(c) The Authorized Equity excludes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base

^(d) The equity ratio listed is the Company's view of the equity ratio allowed in the case, the actual equity ratio was not disclosed in the Order or the applicable settlement agreement

^(e) The ROE listed is the Company's view of the ROE allowed in the case; however, the ROE was not disclosed in the Order or the applicable settlement agreement

^(f) Interim rates were effective April 1, 2016 and received final Order May 24, 2017

^(g) The Rate Base and equity ratio listed is the Company's view of what was allowed in the case, as there were multiple versions of each disclosed by the parties in the settlement agreement



Reconciliation Table: Regulated Segment O&M Efficiency Ratio

Regulated Segment O&M Efficiency Ratio (A Non-GAAP Unaudited Number) (\$ in millions)	FY 2010	FY 2012	FY 2014	FY 2016	FY 2018	LTM 9/30/2019	LTM 9/30/2020
Total operations and maintenance expense	\$1,291	\$1,330	\$1,350	\$1,504	\$1,479	\$1,526	\$1,605
Less:							
Operations and maintenance expense – Market-Based Operations	257	256	289	372	362	398	386
Operations and maintenance expense – Other	(61)	(56)	(51)	(44)	(42)	(49)	(20)
Total operations and maintenance expense – Regulated Businesses	\$1,095	\$1,130	\$1,112	\$1,176	\$1,159	\$1,177	\$1,239
Less:							
Regulated purchased water expense	100	110	122	122	133	133	146
Allocation of non-operation and maintenance expenses	29	35	39	30	31	32	34
Impact of Freedom Industries activities	-	-	10	65	(20)	-	-
Estimated impact of weather	-	5	(2)	-	-	-	-
Adjusted operations and maintenance expense – Regulated Businesses (a)	\$966	\$980	\$943	\$959	\$1,015	\$1,012	\$1,059
Total operating revenues	\$2,555	\$2,854	\$3,011	\$3,302	\$3,440	\$3,558	\$3,756
Less:							
Operating Revenues – Market-Based Operations	295	307	355	451	476	540	536
Operating Revenues – Other	(26)	(17)	(18)	(20)	(20)	(22)	(18)
Total pro forma operating revenues – Regulated Businesses	\$2,286	\$2,564	\$2,674	\$2,871	\$2,984	\$3,040	\$3,238
Less:							
Regulated Purchased Water expense*	100	110	122	122	133	133	146
Plus:							
Freedom Industries chemical spill in West Virginia	-	-	1	-	-	-	-
Estimated impact of weather	-	(47)	17	-	-	-	-
Adjusted pro forma operating revenues—Regulated Businesses (b)	\$2,186	\$2,407	\$2,570	\$2,749	\$2,851	\$2,907	\$3,092
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	44.2%	40.7%	36.7%	34.9%	35.6%	34.8%	34.2%

Adjusted operations and maintenance expense – Regulated Businesses	\$966	\$980	\$943	\$959
Less:				
Impact of adoption of ASU 2017-07**	-	39	(8)	12
Adjusted operations and maintenance expense – Regulated Businesses (c)	\$966	\$941	\$951	\$947
Adjusted operating revenues—Regulated Businesses	\$2,186	\$2,407	\$2,570	\$2,749
Less pro forma adjustment:				
Pro forma adjustment for impact of the TCJA***	89	112	137	161
Adjusted pro forma operating revenues—Regulated Businesses (d)	\$2,097	\$2,294	\$2,433	\$2,588
Adjusted O&M efficiency ratio—Regulated Businesses (c)/(d)	46.1%	41.0%	39.1%	36.6%

* Calculation assumes purchased water revenues approximate purchased water expenses

** Includes the impact of the Company's adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit, on January 1, 2018

*** Calculation of Estimated tax reform = Revenue Requirement with new Effective Tax Rate (taxes grossed up) – Revenue Requirement with old Effective Tax Rate

Reconciliation Table: Consolidated Adjusted EPS

Consolidated Adjusted EPS	For the Twelve Months Ended December 31,	
	2019	2018
Diluted earnings per share (GAAP):		
Net income attributable to common shareholders	\$3.43	\$3.15
Adjustments:		
Loss on sale of Keystone	0.24	-
Income tax impact	(0.05)	-
Net adjustment	0.19	-
Gain on sale of portion of Contract Services Group contracts	-	(0.08)
Income tax impact	-	0.02
Net adjustment	-	(0.06)
Keystone Impairment	-	0.31
Income tax impact	-	(0.08)
Net loss attributable to noncontrolling interest	-	(0.01)
Net adjustment	-	0.22
Freedom Industries Settlement Activities	(0.02)	(0.11)
Income tax impact	0.01	0.03
Net adjustments	(0.01)	(0.08)
Impact of re-measurement from the TCJA	-	0.07
Total net adjustments	0.18	0.15
Adjusted diluted earnings per share (non-GAAP)	\$3.61	\$3.30

Reconciliation Table: Adjusted Consolidated Return on Equity

Adjusted Consolidated Return on Equity	LTM	LTM
	September 30, 2019	September 30, 2020
Net Income	\$635	\$662
Adjustments:		
Keystone Sale	-	44
Tax Impact for items above	-	(9)
Re-measurement from Tax Reform	12	-
Adjusted Net Income from Continuing Operations (a)	\$647	\$697
Shareholders' equity	\$6,190	\$6,512
Adjustments:		
Keystone Sale	-	44
Tax Impact for items above	-	(9)
Re-measurement from Tax Reform	12	-
Adjusted Shareholders' Equity (b)	\$6,202	\$6,547
Adjusted Consolidated Return on Equity (a/b)	10.4%	10.6%