

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2025**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 001-34028**

**AMERICAN WATER WORKS COMPANY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**51-0063696**

(I.R.S. Employer Identification No.)

**1 Water Street, Camden, NJ 08102-1658**

(Address of principal executive offices) (Zip Code)

**(856) 955-4001**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
<b>Common stock, par value \$0.01 per share</b>	<b>AWK</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Shares Outstanding as of July 21, 2025</u>
<b>Common Stock, par value \$0.01 per share</b>	<b>195,098,566</b>

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Throughout this Quarterly Report on Form 10-Q (“Form 10-Q”), unless the context otherwise requires, references to the “Company” and “American Water” mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the “parent company” mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at [\*https://amwater.com\*](https://amwater.com) and an Investor Relations website at [\*https://ir.amwater.com\*](https://ir.amwater.com). Information contained on the Company’s websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

## **FORWARD-LOOKING STATEMENTS**

Statements included in Part I, Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. 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,” “likely,” “uncertain,” “outlook,” “future,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “should,” “will” and “could” or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company’s future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company’s ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company’s California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company’s ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company’s ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company’s stated environmental and sustainability goals, including its greenhouse gas (“GHG”) emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company’s ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company’s efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

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. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company’s actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- 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;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company’s water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, “PFAS”)), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company’s ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- 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 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;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of or, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
  - any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;

- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. 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.

## PART I. FINANCIAL INFORMATION

### ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

#### American Water Works Company, Inc. and Subsidiary Companies

#### Consolidated Balance Sheets (Unaudited)

(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
<b>ASSETS</b>		
Property, plant and equipment	\$ 36,137	\$ 35,059
Accumulated depreciation	(7,205)	(7,021)
Property, plant and equipment, net	28,932	28,038
Current assets:		
Cash and cash equivalents	94	96
Restricted funds	17	29
Accounts receivable, net of allowance for uncollectible accounts of \$56 and \$53, respectively	424	416
Income tax receivable	25	25
Unbilled revenues	434	315
Materials and supplies	109	103
Other	296	231
Total current assets	1,399	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,178	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	89	89
Goodwill	1,151	1,144
Other	369	399
Total regulatory and other long-term assets	3,582	3,577
Total assets	\$ 33,913	\$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

**American Water Works Company, Inc. and Subsidiary Companies**  
**Consolidated Balance Sheets (Unaudited)**  
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
<b>CAPITALIZATION AND LIABILITIES</b>		
Capitalization:		
Common stock (\$0.01 par value; 500,000,000 shares authorized; 200,551,058 and 200,371,701 shares issued, respectively)	\$ 2	\$ 2
Paid-in-capital	8,621	8,598
Retained earnings	2,445	2,112
Accumulated other comprehensive income	5	12
Treasury stock, at cost (5,452,694 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,682	10,332
Long-term debt	12,278	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,281	12,521
Total capitalization	22,963	22,853
Current liabilities:		
Short-term debt	1,589	879
Current portion of long-term debt	1,119	637
Accounts payable	306	346
Accrued liabilities	569	791
Accrued taxes	107	156
Accrued interest	119	111
Other	182	230
Total current liabilities	3,991	3,150
Regulatory and other long-term liabilities:		
Advances for construction	410	383
Deferred income taxes and investment tax credits	2,990	2,881
Regulatory liabilities	1,420	1,416
Operating lease liabilities	77	76
Accrued pension expense	207	217
Other	255	277
Total regulatory and other long-term liabilities	5,359	5,250
Contributions in aid of construction	1,600	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	\$ 33,913	\$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

**American Water Works Company, Inc. and Subsidiary Companies**  
**Consolidated Statements of Operations (Unaudited)**  
(In millions, except per share data)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	\$ 1,276	\$ 1,149	\$ 2,418	\$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	\$ 289	\$ 277	\$ 494	\$ 462
Basic earnings per share:				
Net income attributable to common shareholders	\$ 1.48	\$ 1.42	\$ 2.53	\$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	\$ 1.48	\$ 1.42	\$ 2.53	\$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.



**American Water Works Company, Inc. and Subsidiary Companies**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net income attributable to common shareholders	\$ 289	\$ 277	\$ 494	\$ 462
Other comprehensive income (loss), net of tax:				
Defined benefit pension plan actuarial loss, net of tax of \$0 for the three months ended June 30, 2025 and 2024, respectively and \$0 for the six months ended June 30, 2025 and 2024, respectively	1	1	1	1
Unrealized gain (loss) on cash flow hedges, net of tax of \$1 and \$0 for the three months ended June 30, 2025 and 2024, respectively and \$(2) and \$3 for the six months ended June 30, 2025 and 2024, respectively	3	—	(5)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of \$0 for the three months ended June 30, 2025 and 2024, and \$(1) and \$1 for the six months ended June 30, 2025 and 2024, respectively	(1)	—	(3)	(1)
Net other comprehensive income (loss)	3	1	(7)	19
Comprehensive income attributable to common shareholders	<u>\$ 292</u>	<u>\$ 278</u>	<u>\$ 487</u>	<u>\$ 481</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**American Water Works Company, Inc. and Subsidiary Companies**  
**Consolidated Statements of Cash Flows (Unaudited)**  
(In millions)

	For the Six Months Ended June 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 494	\$ 462
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Provision for losses on accounts receivable	19	8
Pension and non-pension postretirement benefits	(2)	(1)
Other non-cash, net	(36)	(27)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(146)	(96)
Income tax receivable	—	69
Pension contributions	(22)	(22)
Accounts payable and accrued liabilities	(59)	(79)
Accrued taxes	(42)	45
Other assets and liabilities, net	(62)	(50)
Net cash provided by operating activities	632	727
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,281)	(1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	(1,340)	(1,471)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt, net of discount	876	1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Advances and contributions in aid of construction, net of refunds of \$16 and \$16 for the six months ended June 30, 2025 and 2024, respectively	35	18
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other, net	6	2
Net cash provided by financing activities	703	478
Net decrease in cash, cash equivalents and restricted funds	(5)	(266)
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	\$ 135	\$ 98
<b>Non-cash investing activity:</b>		
Capital expenditures acquired on account but unpaid as of the end of period	\$ 299	\$ 375
Acquisition financed by treasury stock	\$ 7	\$ —
<b>Non-cash financing activity:</b>		
Settlements of long-term debt	\$ 27	\$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

**American Water Works Company, Inc. and Subsidiary Companies**  
**Consolidated Statements of Changes in Shareholders' Equity (Unaudited)**  
(In millions)

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital			Shares	At Cost	
Balance as of December 31, 2024	200.4	\$ 2	\$ 8,598	\$ 2,112	\$ 12	(5.5)	\$ (392)	\$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	\$ 2	\$ 8,611	\$ 2,317	\$ 2	(5.5)	\$ (398)	\$ 10,534
Net income attributable to common shareholders	—	—	—	289	—	—	—	289
Common stock issuances (a)	—	—	10	—	—	—	—	10
Acquisitions via treasury stock	—	—	—	—	—	—	7	7
Net other comprehensive income	—	—	—	—	3	—	—	3
Dividends (\$0.8275 declared per common share)	—	—	—	(161)	—	—	—	(161)
Balance as of June 30, 2025	200.5	\$ 2	\$ 8,621	\$ 2,445	\$ 5	(5.5)	\$ (391)	\$ 10,682

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital			Shares	At Cost	
Balance as of December 31, 2023	200.1	\$ 2	\$ 8,550	\$ 1,659	\$ (26)	(5.5)	\$ (388)	\$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	\$ 2	\$ 8,561	\$ 1,844	\$ (8)	(5.5)	\$ (392)	\$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends (\$0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	\$ 2	\$ 8,578	\$ 1,971	\$ (7)	(5.5)	\$ (392)	\$ 10,152

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

**American Water Works Company, Inc. and Subsidiary Companies**  
**Notes to Consolidated Financial Statements (Unaudited)**  
(Unless otherwise noted, in millions, except per share data)

**Note 1: Basis of Presentation**

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the “Company” or “American Water”), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to “parent company” mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q (“Form 10-Q”). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of June 30, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (“Form 10-K”), which provides a more complete discussion of the Company’s accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company’s operations.

**Note 2: Significant Accounting Policies**

***New Accounting Standards***

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of June 30, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity’s definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

***Property, Plant and Equipment***

The New Jersey Economic Development Authority (“NJEDA”) determined that the Company was qualified to receive \$161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of \$16 million. The Company sold the tax credits to an external party for \$15 million. As of June 30, 2025, the Company had current assets of \$15 million included in Other and \$75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and \$90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

#### ***Cash, Cash Equivalents and Restricted Funds***

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended June 30:

	2025	2024
Cash and cash equivalents	\$ 94	\$ 48
Restricted funds	17	50
Restricted funds included in other long-term assets	24	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	<u>\$ 135</u>	<u>\$ 98</u>

#### ***Allowance for Uncollectible Accounts***

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the six months ended June 30:

	2025	2024
Balance as of January 1	\$ (53)	\$ (51)
Amounts charged to expense	(19)	(8)
Amounts written off	16	11
Balance as of June 30	<u>\$ (56)</u>	<u>\$ (48)</u>

#### ***Reclassifications***

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

### Note 3: Regulatory Matters

#### General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes (“EADIT”) that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	\$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		<u>\$ 232</u>

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of \$5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company’s Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately \$1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company’s Iowa subsidiary. The general rate case order approved a \$13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of \$1 million, based on an authorized return on equity of 9.60%, authorized rate base of \$262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over \$157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of \$5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of \$8 million effective on August 1, 2025.

On May 14, 2025, the Company’s Indiana subsidiary’s third step increase of \$17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a \$65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with \$25 million of the increase included in rates in February 2024, \$23 million in May 2024, and \$17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the “MoPSC”) issued an order approving without modification the stipulation and agreement (the “Stipulation”) with respect to a general rate case filed on July 1, 2024, by the Company’s Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a \$63 million annualized increase in water and wastewater revenues, excluding \$63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by \$1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary’s view of its rate base is \$3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024 joint “black box” settlement of the general rate case filed by the Company’s Virginia subsidiary. The general rate case order approves the stipulated \$15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than \$110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary’s view of its rate base is \$369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary’s future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary’s view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the “TPUC”) approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company’s Tennessee subsidiary. The TPUC approved an increase of \$1 million in annualized revenues, excluding previously recovered infrastructure surcharges of \$18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately \$300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately \$173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the “CPUC”) granted the Company’s California subsidiary’s request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company’s Illinois subsidiary. The general rate case order approved an increase of \$105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of \$5 million, based on an authorized return on equity of 9.84%, authorized rate base of \$2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately \$557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company’s California subsidiary’s general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of \$21 million in the 2024 test year, and an estimated \$16 million in the 2025 escalation year and \$16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary’s proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC’s denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

#### ***Pending General Rate Case Filings***

On July 1, 2025, the Company’s California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of \$63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of \$111 million. The requested annualized incremental revenue is driven primarily by approximately \$750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company’s California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately \$27 million in annualized incremental revenues, excluding infrastructure surcharges of \$10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately \$212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately \$48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of \$13 million, which would include two step increases, with \$33 million to be included in rates in March 2026, and \$15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than \$300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

### ***Infrastructure Surcharges***

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	\$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		<u>\$ 38</u>

### ***Pending Infrastructure Surcharge Filings***

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting \$3 million in additional annualized revenues.

### ***Other Regulatory Matters***

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

## **Note 4: Revenue Recognition**

### ***Disaggregated Revenues***

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."



Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	\$ 637	\$ —	\$ 637
Commercial	243	—	243
Fire service	48	—	48
Industrial	46	—	46
Public and other	78	—	78
Total water services	1,052	—	1,052
Wastewater services:			
Residential	71	—	71
Commercial	21	—	21
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	107	—	107
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	4	4
Lease contract revenue	—	1	1
Total Regulated Businesses	1,173	5	1,178
Other	99	(1)	98
Total operating revenues	\$ 1,272	\$ 4	\$ 1,276

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	\$ 579	\$ 1	\$ 580
Commercial	216	1	217
Fire service	41	—	41
Industrial	46	—	46
Public and other	68	—	68
Total water services	950	2	952
Wastewater services:			
Residential	60	—	60
Commercial	16	—	16
Industrial	3	—	3
Public and other	9	—	9
Total wastewater services	88	—	88
Miscellaneous utility charges	10	—	10
Alternative revenue programs	—	5	5
Lease contract revenue	—	2	2
Total Regulated Businesses	1,048	9	1,057
Other	92	—	92
Total operating revenues	\$ 1,140	\$ 9	\$ 1,149

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
<b>Regulated Businesses:</b>			
Water services:			
Residential	\$ 1,197	\$ —	\$ 1,197
Commercial	455	—	455
Fire service	93	—	93
Industrial	91	—	91
Public and other	145	—	145
Total water services	1,981	—	1,981
Wastewater services:			
Residential	139	—	139
Commercial	39	—	39
Industrial	10	—	10
Public and other	20	—	20
Total wastewater services	208	—	208
Miscellaneous utility charges	25	—	25
Alternative revenue programs	—	10	10
Lease contract revenue	—	3	3
Total Regulated Businesses	2,214	13	2,227
Other	192	(1)	191
Total operating revenues	\$ 2,406	\$ 12	\$ 2,418

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
<b>Regulated Businesses:</b>			
Water services:			
Residential	\$ 1,083	\$ 1	\$ 1,084
Commercial	403	1	404
Fire service	82	—	82
Industrial	88	—	88
Public and other	124	—	124
Total water services	1,780	2	1,782
Wastewater services:			
Residential	119	—	119
Commercial	32	—	32
Industrial	5	—	5
Public and other	17	—	17
Total wastewater services	173	—	173
Miscellaneous utility charges	19	—	19
Alternative revenue programs	—	7	7
Lease contract revenue	—	4	4
Total Regulated Businesses	1,972	13	1,985
Other	175	—	175
Total operating revenues	\$ 2,147	\$ 13	\$ 2,160

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

### Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of \$149 million and \$84 million are included in unbilled revenues on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract assets of \$5 million and \$39 million are included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Contract liabilities of \$25 million and \$40 million are included in other current liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract liabilities of \$24 million and \$14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Revenues recognized for the six months ended June 30, 2025 and 2024, from amounts included in contract liabilities were \$46 million and \$49 million, respectively.

### Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of June 30, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of \$7.4 billion as of June 30, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of \$560 million as of June 30, 2025, as measured by estimated remaining contract revenue.

## Note 5: Acquisitions and Divestitures

### Regulated Businesses

#### Closed Acquisitions

During the six months ended June 30, 2025, the Company closed on seven acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of \$18 million, which added approximately 7,600 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of \$7 million, in the form of 48,702 shares of parent company common stock. Assets acquired from the seven acquisitions, principally utility plant, totaled \$17 million and liabilities assumed totaled \$6 million. The Company recorded goodwill of \$7 million associated with three of its acquisitions, which is reported in the Company's Regulated Businesses segment. Four of these acquisitions were accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the periods ended June 30, 2025 and 2024.

#### Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately \$1.275 billion. The outstanding consideration as of June 30, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of \$795 million, with an interest rate of 10.00% per year. The Company recognized \$20 million of interest income during each of the three months ended June 30, 2025 and 2024, and \$40 million and \$37 million of interest income during the six months ended June 30, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

## Note 6: Shareholders' Equity

### Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans			Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss			
Balance as of March 31, 2025	\$ (95)	\$ 1	\$ 74	\$ 22	\$ —	\$ 2
Other comprehensive (loss) income before reclassifications	—	—	—	3	(1)	2
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	3	(1)	3
Balance as of June 30, 2025	\$ (95)	\$ 1	\$ 75	\$ 25	\$ (1)	\$ 5
Balance as of March 31, 2024	\$ (96)	\$ 1	\$ 74	\$ 10	\$ 3	\$ (8)
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	—	—	1
Balance as of June 30, 2024	\$ (96)	\$ 1	\$ 75	\$ 10	\$ 3	\$ (7)

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the six months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans				Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges		
Balance as of December 31, 2024	\$ (95)	\$ 1	\$ 74	\$ 30	\$ 2	\$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(5)	1	(4)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(5)	(3)	(7)
Balance as of June 30, 2025	\$ (95)	\$ 1	\$ 75	\$ 25	\$ (1)	\$ 5
Balance as of December 31, 2023	\$ (96)	\$ 1	\$ 74	\$ (9)	\$ 4	\$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	19	(1)	19
Balance as of June 30, 2024	\$ (96)	\$ 1	\$ 75	\$ 10	\$ 3	\$ (7)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

### Dividends

On June 3, 2025, the Company paid a quarterly cash dividend of \$0.8275 per share to shareholders of record as of May 13, 2025.

On July 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of \$0.8275 per share, payable on September 3, 2025, to shareholders of record as of August 12, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

### Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of \$800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately \$792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the six months ended June 30, 2025, the Company's regulated subsidiaries issued in the aggregate \$79 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.71%, a weighted average interest rate of 2.47%, and maturity dates ranging from 2025 through 2054. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the six months ended June 30, 2025, were collateralized. During the six months ended June 30, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled \$633 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 2.97%, and maturity dates ranging from 2025 to 2061.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of \$180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of \$170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling \$100 million, realizing a pre-tax net gain of \$12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling \$500 million, realizing a pre-tax net gain of \$3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

On June 29, 2023, AWCC issued \$1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately \$1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per \$1,000 principal amount of Notes (equivalent to an initial exchange price of approximately \$171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

## Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides \$2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to \$150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of \$500 million.

Short-term debt consists of commercial paper borrowings totaling \$1,591 million and \$880 million as of June 30, 2025, and December 31, 2024, respectively, or net of discount \$1,589 million and \$879 million as of June 30, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively. At June 30, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	\$ 2,600	\$ 150	\$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	<u>\$ 1,009</u>	<u>\$ 66</u>	<u>\$ 1,075</u>

(a) Total remaining availability of \$1.1 billion as of June 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	\$ 2,600	\$ 150	\$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	<u>\$ 1,720</u>	<u>\$ 68</u>	<u>\$ 1,788</u>

(a) Total remaining availability of \$1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	\$ 94	\$ 1,075	\$ 1,169
Available liquidity as of December 31, 2024	\$ 96	\$ 1,788	\$ 1,884

## Note 9: Income Taxes

The Company's effective income tax rate was 23.1% and 23.3% for the three months ended June 30, 2025 and 2024, respectively, and 23.5% and 23.4% for the six months ended June 30, 2025 and 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBA") was signed into law. The OBBA includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBA will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.



On August 16, 2022, the Inflation Reduction Act of 2022 (the “IRA”) was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax (“CAMT”) provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company’s average adjusted financial statement income (“AFSI”) for the three consecutive years preceding the tax year must exceed \$1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of June 30, 2025, the Company has a CAMT credit carryforward of \$151 million.

On June 2, 2025, the Internal Revenue Service (“IRS”) and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

#### Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Components of net periodic pension benefit cost:</b>				
Service cost	\$ 4	\$ 4	\$ 7	\$ 9
Interest cost	22	21	43	42
Expected return on plan assets	(23)	(23)	(45)	(47)
Amortization of prior service credit	(1)	(1)	(2)	(2)
Amortization of actuarial loss	6	6	11	12
<b>Net periodic pension benefit cost</b>	<b>\$ 8</b>	<b>\$ 7</b>	<b>\$ 14</b>	<b>\$ 14</b>
<b>Components of net periodic other postretirement benefit credit:</b>				
Service cost	\$ —	\$ —	\$ —	\$ 1
Interest cost	3	3	6	6
Expected return on plan assets	(3)	(3)	(6)	(6)
Amortization of prior service credit	(8)	(8)	(16)	(16)
<b>Net periodic other postretirement benefit credit</b>	<b>\$ (8)</b>	<b>\$ (8)</b>	<b>\$ (16)</b>	<b>\$ (15)</b>

The Company contributed \$11 million and \$22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2025, respectively, and contributed \$11 million and \$22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2024, respectively. The Company expects to make additional pension contributions to the plan trusts of \$22 million during the remainder of 2025.

#### Note 11: Commitments and Contingencies

##### Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of June 30, 2025, the Company has accrued approximately \$19 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is \$4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

*Dunbar, West Virginia Class Action Litigation Proposed Settlement*

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. Under the terms of the Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the Dunbar Settlement is approximately \$18 million, of which the Company currently estimates that approximately \$5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025.

No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court. The final amount of the Company's and WVAWC's contributions to the Dunbar Settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed \$5 million. As a result, the Company previously recorded a charge to earnings, net of expected insurance receivables, of \$5.0 million (\$3.9 million after-tax), which has been maintained as of June 30, 2025. The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

*Chattanooga, Tennessee Class Action Litigation*

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. (“Service Company” and, together with TAWC and the Company, collectively, the “Tennessee-American Water Defendants”), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the “Tennessee Plaintiffs”). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys’ fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs’ claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs’ motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs’ amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court’s orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

#### *Mountaineer Gas Company Main Break*

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia (“Mountaineer Gas”). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas’s main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin*, *Toliver*, *Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to \$2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately \$1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

#### *Alternative Water Supply in Lieu of Carmel River Diversions*

##### Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to \$50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of \$279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred \$300 million in aggregate costs as of June 30, 2025, related to the Water Supply Project, which includes \$97 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately \$62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of \$11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the \$123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

#### Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full.



Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

#### Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

#### *Proposed Acquisition of Monterey System Assets — Potential Condemnation*

##### Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately \$513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

#### MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for \$448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

#### *PFAS Multi-District Litigation*

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of \$34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.



**Note 12: Earnings per Common Share**

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share (“EPS”) calculations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Numerator:</b>				
Net income attributable to common shareholders	\$ 289	\$ 277	\$ 494	\$ 462
<b>Denominator:</b>				
Weighted-average common shares outstanding—Basic	195	195	195	195
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units (“RSUs”) and performance stock units (“PSUs”) granted under the Company’s 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company’s 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company’s 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and six months ended June 30, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

**Note 13: Fair Value of Financial Information**
***Fair Value of Financial Instruments***

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

**Current assets and current liabilities**—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

**Secured seller promissory note from the sale of the Homeowner Services Group**—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is \$795 million as of June 30, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated \$797 million and \$793 million as of June 30, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

**Preferred stock with mandatory redemption requirements and long-term debt**—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

As of June 30, 2025					
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	\$ 3	\$ —	\$ —	\$ 3	\$ 3
Long-term debt	13,397	10,686	1,057	609	12,352

  

As of December 31, 2024					
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	\$ 3	\$ —	\$ —	\$ 3	\$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

### ***Recurring Fair Value Measurements***

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

As of June 30, 2025				
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Restricted funds	\$ 41	\$ —	\$ —	\$ 41
Rabbi trust investments	28	—	—	28
Deposits	52	—	—	52
<b>Other investments:</b>				
Money market and other	25	—	—	25
Fixed-income securities	65	6	—	71
Mark-to-market derivative asset	—	4	—	4
<b>Total assets</b>	<b>211</b>	<b>10</b>	<b>—</b>	<b>221</b>
<b>Liabilities:</b>				
Deferred compensation obligations	34	—	—	34
Mark-to-market derivative liability	—	1	—	1
<b>Total liabilities</b>	<b>34</b>	<b>1</b>	<b>—</b>	<b>35</b>
<b>Total assets</b>	<b>\$ 177</b>	<b>\$ 9</b>	<b>\$ —</b>	<b>\$ 186</b>

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Restricted funds	\$ 44	\$ —	\$ —	\$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
<b>Other investments:</b>				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
<b>Total assets</b>	<b>188</b>	<b>30</b>	<b>—</b>	<b>218</b>
<b>Liabilities:</b>				
Deferred compensation obligations	34	—	—	34
<b>Total liabilities</b>	<b>34</b>	<b>—</b>	<b>—</b>	<b>34</b>
<b>Total assets</b>	<b>\$ 154</b>	<b>\$ 30</b>	<b>\$ —</b>	<b>\$ 184</b>

Restricted funds—The Company’s restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of \$24 million and \$15 million were included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company’s rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds, including the initial settlement payment from the MDL, and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company’s deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company’s deferred compensation obligations is based on the market value of the participants’ notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees’ Beneficiary Association trust for purposes of paying active union employee medical benefits (“Active VEBA”). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of \$81 million and \$71 million in other current assets, as of June 30, 2025, and December 31, 2024, respectively, and \$15 million and \$44 million in other long-term assets, as of June 30, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of June 30, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	\$ 72	\$ —	\$ 1	\$ 71

  

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	\$ 94	\$ 2	\$ 2	\$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of June 30, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	\$ 34
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	\$ 71

#### Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was \$143 million as of June 30, 2025, and December 31, 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of \$2 million in 2025, \$4 million each year in 2026 through 2029, and \$37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were \$3 million for each of the three months ended June 30, 2025 and 2024, and \$6 million for each of the six months ended June 30, 2025 and 2024.

For the three and six months ended June 30, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was \$3 million and \$6 million, respectively. For the six months ended June 30, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of \$7 million.

As of June 30, 2025, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of June 30, 2025, were \$6 million in 2025, \$11 million in 2026, \$11 million in 2027, \$9 million in 2028, \$7 million in 2029, and \$89 million thereafter. As of June 30, 2025, imputed interest was \$48 million.

#### Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	\$ 1,178	\$ 98	\$ 1,276
Less:			
Operation and maintenance (a)	406	74	480
Other segment items (b)	68	2	70
Depreciation and amortization	217	4	221
Interest expense	116	35	151
Interest income	(1)	(21)	(22)
Provision for income taxes	84	3	87
Net income attributable to common shareholders	\$ 288	\$ 1	\$ 289
Total assets	\$ 31,005	\$ 2,908	\$ 33,913
Cash paid for capital expenditures	\$ 733	\$ —	\$ 733

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	\$ 1,057	\$ 92	\$ 1,149
Less:			
Operation and maintenance (a)	356	71	427
Other segment items (b)	63	(1)	62
Depreciation and amortization	189	4	193
Interest expense	102	29	131
Interest income	(5)	(20)	(25)
Provision for income taxes	78	6	84
Net income attributable to common shareholders	\$ 274	\$ 3	\$ 277
Total assets	\$ 28,843	\$ 2,372	\$ 31,215
Cash paid for capital expenditures	\$ 668	\$ 2	\$ 670

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	\$ 2,227	\$ 191	\$ 2,418
Less:			
Operation and maintenance (a)	801	147	948
Other segment items (b)	135	1	136
Depreciation and amortization	430	7	437
Interest expense	230	65	295
Interest income	(2)	(42)	(44)
Provision for income taxes	144	8	152
Net income attributable to common shareholders	\$ 489	\$ 5	\$ 494
Total assets	\$ 31,005	\$ 2,908	\$ 33,913
Cash paid for capital expenditures	\$ 1,278	\$ 3	\$ 1,281

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	\$ 1,985	\$ 175	\$ 2,160
Less:			
Operation and maintenance (a)	707	136	843
Other segment items (b)	124	3	127
Depreciation and amortization	373	8	381
Interest expense	199	56	255
Interest income	(8)	(41)	(49)
Provision for income taxes	131	10	141
Net income attributable to common shareholders	\$ 459	\$ 3	\$ 462
Total assets	\$ 28,843	\$ 2,372	\$ 31,215
Cash paid for capital expenditures	\$ 1,271	\$ 8	\$ 1,279

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.*

### Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

### Financial Results

For the three and six months ended June 30, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were \$1.48 and \$2.53, respectively, compared to \$1.42 and \$2.37 per share in the same periods in 2024. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and six months ended June 30, 2025 compared to the same periods in 2024, reflect an estimated net unfavorable impact of weather of \$0.06 per share, including an estimated \$0.03 per share of unfavorable impact due to wet weather in the second quarter of 2025, across many states, and an estimated \$0.03 per share of favorable impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey.

### Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately \$3.3 billion in these growth strategies in 2025. During the first six months of 2025, the Company invested \$1.3 billion, in the Regulated Businesses, as discussed below.

- \$1.3 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- \$21 million to fund acquisitions in the Regulated Businesses, which added approximately 7,600 customers. This includes the Company's acquisition effective May 28, 2025, of all the outstanding capital stock of Audubon Water Company ("Audubon"), for total consideration of \$7 million in the form of shares of parent company common stock.
- Approximately 9,000 new customers were added through organic growth in existing systems.

### Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia.



Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately \$315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately \$200 million, subject to final determination by the respective public utility commissions. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of required regulatory approvals by PUCs, the absence of certain legal restraints prohibiting or making illegal the consummation of the transactions contemplated by the Purchase Agreement, and the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Purchase Agreement also provides that Seller's and the Company's obligations to complete the closing are subject to the absence of any required regulatory approval that has become final and imposes terms or conditions on a party that would reasonably be expected to, in the case of Seller, be adverse to Seller or its affiliates (other than the Acquired Entities) after giving effect to these transactions and, in the case of the Company, result in a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of the Company and its Regulated Businesses within the eight applicable states, taken together as a whole, without giving effect to these transactions (a "Burdenous Effect"). The Company currently anticipates that the closing will occur by or before August 2026.

The Purchase Agreement may be terminated by the Company or the Seller under certain circumstances, including if the closing has not occurred on or before August 19, 2026, subject to up to two three-month extensions in order to obtain required regulatory approvals, by the Company if any final required regulatory approval imposes terms or conditions that would have a Burdenous Effect, and by either party if any legal restraint permanently prohibiting the closing becomes final and non-appealable or in the event of certain breaches or failures to perform obligations under the Purchase Agreement by the other party. If the Purchase Agreement is terminated, such termination will be without liability of a party to the other party to the Purchase Agreement, except in the case of termination due to fraud or willful breach of the Purchase Agreement by a party thereto, and the Company will be required to pay to Seller a cash termination fee of approximately \$16 million in the event of a termination of the Purchase Agreement under conditions set forth therein for (i) failure to obtain a required regulatory approval, (ii) the existence of an applicable legal restraint prohibiting the consummation of the closing or (iii) the existence of a final required regulatory approval that imposes terms or conditions that would have a Burdenous Effect.

Including the Purchase Agreement, as of June 30, 2025, the Company had entered into 17 agreements with a total aggregate purchase price of \$499 million for pending acquisitions in the Regulated Businesses to add approximately 84,000 additional customers.

## **Other Matters**

### *Cybersecurity Incident Update*

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident agreed to voluntarily dismiss their consolidated Federal court lawsuit without prejudice. An order of voluntary dismissal was entered on March 24, 2025, which concludes this lawsuit against parent company.

### *PFAS Multi-District Litigation*

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of \$34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

## Regulatory Matters

### General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes (“EADIT”) that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	\$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		<u>\$ 232</u>

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of \$5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company’s Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately \$1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company’s Iowa subsidiary. The general rate case order approved a \$13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of \$1 million, based on an authorized return on equity of 9.60%, authorized rate base of \$262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over \$157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of \$5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of \$8 million effective on August 1, 2025.

On May 14, 2025, the Company’s Indiana subsidiary’s third step increase of \$17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the “IURC”) issued an order that approved a \$65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with \$25 million of the increase included in rates in February 2024, \$23 million in May 2024, and \$17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the “MoPSC”) issued an order approving without modification the stipulation and agreement (the “Stipulation”) with respect to a general rate case filed on July 1, 2024, by the Company’s Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a \$63 million annualized increase in water and wastewater revenues, excluding \$63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by \$1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary’s view of its rate base is \$3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission (the “VSCC”) issued an order approving the September 19, 2024 joint “black box” settlement of the general rate case filed by the Company’s Virginia subsidiary. The general rate case order approves the stipulated \$15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than \$110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary’s view of its rate base is \$369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary’s future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary’s view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the “TPUC”) approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company’s Tennessee subsidiary. The TPUC approved an increase of \$1 million in annualized revenues, excluding previously recovered infrastructure surcharges of \$18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately \$300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately \$173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the “CPUC”) granted the Company’s California subsidiary’s request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company’s Illinois subsidiary. The general rate case order approved an increase of \$105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of \$5 million, based on an authorized return on equity of 9.84%, authorized rate base of \$2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately \$557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company’s California subsidiary’s general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of \$21 million in the 2024 test year, and an estimated \$16 million in the 2025 escalation year and \$16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary’s proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC’s denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

### ***Pending General Rate Case Filings***

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of \$63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of \$111 million. The requested annualized incremental revenue is driven primarily by approximately \$750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company's California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately \$27 million in annualized incremental revenues, excluding infrastructure surcharges of \$10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately \$212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately \$48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of \$13 million, which would include two step increases, with \$33 million to be included in rates in March 2026, and \$15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than \$300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

### ***Infrastructure Surcharges***

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	\$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		<u>\$ 38</u>

### ***Pending Infrastructure Surcharge Filings***

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting \$3 million in additional annualized revenues.

### ***Other Regulatory Matters***

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

## Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	\$ 1,276	\$ 1,149	\$ 2,418	\$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	\$ 289	\$ 277	\$ 494	\$ 462

## Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

## Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	\$ 1,178	\$ 1,057	\$ 2,227	\$ 1,985
Operation and maintenance	406	356	801	707
Depreciation and amortization	217	189	430	373
General taxes	81	77	162	153
Other	—	(1)	—	(1)
Other (expense) income	(102)	(84)	(201)	(163)
Provision for income taxes	84	78	144	131
Net income attributable to common shareholders	\$ 288	\$ 274	\$ 489	\$ 459

## Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Water services:				
Residential	\$ 637	\$ 580	\$ 1,197	\$ 1,084
Commercial	243	217	455	404
Fire service	48	41	93	82
Industrial	46	46	91	88
Public and other	82	73	155	131
Total water services	1,056	957	1,991	1,789
Wastewater services:				
Residential	71	60	139	119
Commercial	21	16	39	32
Industrial	5	3	10	5
Public and other	10	9	20	17
Total wastewater services	107	88	208	173
Other (a)	15	12	28	23
Total operating revenues	\$ 1,178	\$ 1,057	\$ 2,227	\$ 1,985

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Billed water services volumes:				
Residential	37,423	38,201	72,114	72,615
Commercial	19,066	19,291	36,263	36,582
Industrial	8,660	9,710	17,314	18,047
Fire service, public and other	12,643	13,698	25,035	24,814
Total billed water services volumes	77,792	80,900	150,726	152,058

For the three and six months ended June 30, 2025, operating revenues increased \$121 million and \$242 million, respectively, primarily due to increases of \$119 million and \$213 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased \$11 million and \$25 million for the three and six months ended June 30, 2025, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Operating revenues were also higher for the three and six months ended June 30, 2025, in the Company's California subsidiary, due to a change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024. These increases were partially offset by a \$17 million estimated net decrease for both the three and six months ended June 30, 2025, due to unfavorable weather impacts in the second quarter of 2025 and warm, dry weather in the second quarter of 2024.

### Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Employee-related costs	\$ 140	\$ 136	\$ 289	\$ 271
Production costs	117	109	223	211
Operating supplies and services	84	61	156	124
Maintenance materials and supplies	26	19	55	41
Customer billing and accounting	22	14	42	28
Other	17	17	36	32
Total operation and maintenance expense	\$ 406	\$ 356	\$ 801	\$ 707

For the three and six months ended June 30, 2025, operation and maintenance expense increased \$50 million and \$94 million, respectively, due to increases from employee-related costs, increased operating supplies and services costs primarily from higher technology related costs, increased production costs primarily from higher purchased water cost and power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other maintenance costs.

### Depreciation and Amortization

For the three and six months ended June 30, 2025, depreciation and amortization increased \$28 million and \$57 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

### General Taxes

For the three and six months ended June 30, 2025, general taxes increased \$4 million and \$9 million, respectively, primarily due to incremental property taxes, higher capital stock taxes and New Jersey Gross Receipts Tax.

### Other Expenses

For the three and six months ended June 30, 2025, other expenses increased \$18 million and \$38 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt.

### Provision for Income Taxes

For the three and six months ended June 30, 2025, the Regulated Businesses' provision for income taxes increased \$6 million and \$13 million, respectively. The Regulated Businesses' effective income tax rate was 22.6% and 22.2% for the three months ended June 30, 2025 and 2024, respectively, and 22.7% and 22.2% for the six months ended June 30, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

### Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	\$ 98	\$ 92	\$ 191	\$ 175
Operation and maintenance	74	71	147	136
Depreciation and amortization	4	4	7	8
General taxes	5	4	11	9
Interest expense	(35)	(29)	(65)	(56)
Interest income	21	20	42	41
Other income	3	5	10	6
Provision for income taxes	3	6	8	10
Net income attributable to common shareholders	\$ 1	\$ 3	\$ 5	\$ 3

### ***Operating Revenues***

For the three and six months ended June 30, 2025, operating revenues increased \$6 million and \$16 million, respectively, primarily from an increase in capital projects in the Contract Services Group (“CSG”).

### ***Operation and Maintenance***

For the three and six months ended June 30, 2025, operation and maintenance expense increased \$3 million and \$11 million, respectively, primarily due to costs associated with CSG projects.

### ***Interest expense***

For the three and six months ended June 30, 2025, interest expense increased \$6 million and \$9 million, respectively, due to higher average commercial paper borrowings.

### **Legislative Updates**

During 2025, the Company’s regulatory jurisdictions enacted the following legislation that has been approved and is effective as of July 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.

During 2025, the Company’s regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of July 30, 2025:

- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

### **Condemnation and Eminent Domain**

All or portions of the Regulated Businesses’ utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity (“CPCN”) was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the “MPWMD”) stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.



Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

## **Tax Matters**

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBA") was signed into law. The OBBA includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBA will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

## **Liquidity and Capital Resources**

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of \$800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately \$792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued \$1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides \$2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to \$150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is \$2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of \$500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

(In millions)	As of June 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	\$ 2,600	\$ 150	\$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	\$ 1,009	\$ 66	\$ 1,075

(a) Total remaining availability of \$1.1 billion as of June 30, 2025, was accessible through revolver draws.

(In millions)	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	\$ 2,600	\$ 150	\$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	\$ 1,720	\$ 68	\$ 1,788

(a) Total remaining availability of \$1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	\$ 94	\$ 1,075	\$ 1,169
Available liquidity as of December 31, 2024	\$ 96	\$ 1,788	\$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of \$180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of \$170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling \$100 million, realizing a pre-tax net gain of \$12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling \$500 million, realizing a pre-tax net gain of \$3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

### ***Cash Flows from Operating Activities***

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

(In millions)	For the Six Months Ended June 30,	
	2025	2024
Net income	\$ 494	\$ 462
Add (less):		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Other non-cash activities (a)	(19)	(20)
Changes in assets and liabilities (b)	(309)	(111)
Pension contributions	(22)	(22)
Net cash provided by operating activities	<u>\$ 632</u>	<u>\$ 727</u>

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the six months ended June 30, 2025, cash flows provided by operating activities decreased \$95 million, primarily due to the CAMT liability included in the Company's 2024 extension payment in the second quarter of 2025, utilization of income tax receivables in the prior year, and higher customer receivables and unbilled revenues in the current period. The decrease was partially offset by an increase in net income and depreciation.

### ***Cash Flows from Investing Activities***

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Six Months Ended June 30,	
	2025	2024
Capital expenditures	\$ (1,281)	\$ (1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	<u>\$ (1,340)</u>	<u>\$ (1,471)</u>

For the six months ended June 30, 2025, cash flows used in investing activities decreased \$131 million, primarily due to decreased payments for acquisitions in the current period. The Company plans to invest approximately \$3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

### Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Six Months Ended June 30,	
	2025	2024
Proceeds from long-term debt, net of discount	\$ 876	\$ 1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other financing activities, net (a)	41	20
Net cash provided by financing activities	<u>\$ 703</u>	<u>\$ 478</u>

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the six months ended June 30, 2025, cash flows provided by financing activities increased \$225 million, primarily due to higher short-term commercial paper borrowings in the current period compared to repayments of commercial paper in the prior period, partially offset by lower proceeds from the issuance of long-term debt and higher repayments of long-term debt.

### Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On June 30, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

### Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of July 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

#### ***Dividends***

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

#### ***Application of Critical Accounting Policies and Estimates***

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

#### ***Recent Accounting Standards***

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

#### **Changes in Internal Control over Financial Reporting**

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is \$1 million or more.

#### **Alternative Water Supply in Lieu of Carmel River Diversions**

##### ***Monterey Peninsula Water Supply Project***

###### ***CPUC Final Approval of Water Supply Project***

On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of \$11 million for certain of the Water Supply Project's extraction wells.

On May 9, 2025, the CPUC issued a proposed decision in the Phase 2 that is focusing on updated supply and demand estimates for the Water Supply Project, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

###### ***Coastal Development Permit Application***

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements were filed identifying issues that were believed to have not been addressed in the intended decision. On May 12, 2025, the court entered its final decision denying the petition in full.

###### ***Water Supply Project Land Acquisition and Slant Well Site Use***

On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. A trial in the City's May 2020 lawsuit against Cal Am and CEMEX is set to begin in November 2025.

###### ***Regional Water Quality Control Board Approval of NPDES Permit Amendment***

Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

#### **Dunbar, West Virginia Class Action Litigation Proposed Settlement**

On May 2, 2025, the parties jointly filed for approval by the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly-submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025. No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court.

## **PFAS Multi-District Litigation**

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of \$34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

## **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

### **Issuance of Shares in Connection with Acquisition of Audubon Water Company**

Effective May 28, 2025, the Company issued 48,381 shares of its common stock (the "Shares"), net of an indemnity escrow claim, as consideration for the merger (the "Audubon Merger") of a wholly owned subsidiary of the Company with and into Audubon, with Audubon being the surviving entity immediately following such merger, in a transaction not involving a public offering of securities in reliance upon Section 4(a)(2) of the Securities Act. Promptly following the closing of the Audubon Merger, Audubon was merged with and into the Company's Pennsylvania subsidiary. The Shares were issued out of the Company's existing treasury stock, with restrictive legends thereupon, to or for the benefit of an irrevocable trust that was, immediately prior to the closing of the Audubon Merger, the sole shareholder of Audubon.

### **Anti-dilutive Stock Repurchase Program**

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended June 30, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through June 30, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

During the three months ended June 30, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).



## ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	<a href="#">Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).</a>
2.2#	<a href="#">Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company's Inc. Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).</a>
3.1	<a href="#">Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).</a>
3.2	<a href="#">Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).</a>
4.1	<a href="#">Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).</a>
4.2	<a href="#">Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).</a>
10.1#	<a href="#">Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).</a>
10.2	<a href="#">Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).</a>
*10.3	<a href="#">American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors.</a>
10.4	<a href="#">Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).</a>
10.5	<a href="#">Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.12 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).</a>
*31.1	<a href="#">Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.</a>
*31.2	<a href="#">Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.</a>
**32.1	<a href="#">Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.</a>
**32.2	<a href="#">Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

# Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.



\* Filed herewith.

\*\* Furnished herewith.

The Membership Interest Purchase Agreement filed as [Exhibit 2.1](#), the Purchase and Sale Agreement filed as [Exhibit 2.2](#), and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as [Exhibit 10.1](#) and [Exhibit 10.2](#), respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of July, 2025.

AMERICAN WATER WORKS COMPANY, INC.  
(REGISTRANT)

By 

/s/ JOHN C. GRIFFITH

John C. Griffith  
President and Chief Executive Officer  
(Principal Executive Officer)

By 

/s/ DAVID M. BOWLER

David M. Bowler  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

By 

/s/ MELISSA K. WIKLE

Melissa K. Wikle  
Senior Vice President, Chief Accounting Officer  
(Principal Accounting Officer)

AMERICAN WATER WORKS COMPANY, INC.

2017 OMNIBUS EQUITY COMPENSATION PLAN

STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of May 14, 2025 (the “Date of Grant”), is delivered by American Water Works Company, Inc. (the “Company”) to \_\_\_\_\_ (the “Participant”).

RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) has determined to grant each non-employee director of the Company on the date of the Company’s 2025 Annual Meeting of Shareholders a stock unit grant that will be immediately converted to shares of common stock of the Company, par value \$0.01 per share, (the “Company Stock”);

WHEREAS, the Participant is a non-employee director on the Board; and

WHEREAS, the Board has determined that the stock unit grant granted to the Participant shall be issued under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the “Plan”) and the terms and conditions thereof shall be memorialized in this grant (the “Grant”).

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant \_\_\_\_\_ units (the “Stock Units”). Each Stock Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable distribution date, as described in Paragraph 4 below.
2. Stock Unit Account. The Company shall establish and maintain a Stock Unit account as a bookkeeping account on its records (the “Stock Unit Account”) for the Participant and shall record in such Stock Unit Account the number of Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Stock Unit Account established for the Participant.
3. Vesting. The Participant shall be fully vested in the Stock Units credited to the Participant’s Stock Unit Account pursuant to this Grant on the Date of Grant.
4. Distribution. The Stock Units shall be converted to shares of Company Stock on the Date of Grant and such shares of stock shall be distributed by the Company within thirty (30) days after the Date of Grant.
5. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any

time be at issue, to the fullest extent permitted by applicable law. The Participant also hereby agrees to be bound by the terms and conditions of the Plan and this Grant. The Participant further agrees to be bound by the determinations and decisions of the Board with respect to this Grant and the Plan and the Participant's rights to benefits under this Grant and the Plan, and agrees that all such determinations and decisions of the Board shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

6. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) The obligation of the Company to deliver shares of Company Stock upon the distribution of the Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(b) As a condition to receive any shares of Company Stock upon conversion of the Stock Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and its Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the distribution of the Stock Units shall not be transferred or disposed of by any means until the Participant owns enough shares of Company Stock, or shares underlying stock units convertible into shares of Company Stock, or time-based restricted Company Stock, to meet or exceed five (5) times the Participant's annual cash retainer, which ownership requirement must be satisfied by the fifth (5th) anniversary of the Participant's commencement of service as a director on the Board.

7. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares of Company Stock, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder and the

Participant's acceptance of this Grant is the Participant's agreement to be bound by the interpretations and decisions of the Board with respect to this Grant and the Plan.

8. No Rights to Continued Service. This Grant shall not confer upon the Participant any right to be retained in the service of the Employer (as defined in the Plan) and shall not interfere in any way with the right to terminate the Participant's service at any time.

9. Assignment and Transfers. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

10. Withholding. To the extent required by applicable law, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Grant, vesting or distribution of the Stock Units.

11. Effect on Other Benefits. The value of shares of Company Stock distributed with respect to the Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

12. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

13. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile, e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means), or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

A handwritten signature in blue ink, appearing to read "John C. Griffith", with a stylized, flowing script.

Its: President and CEO

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,  
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ JOHN C. GRIFFITH

John C. Griffith

President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,  
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ DAVID M. BOWLER

David M. Bowler

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)



AMERICAN WATER WORKS COMPANY, INC.  
CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith  
President and Chief Executive Officer  
(Principal Executive Officer)  
July 30, 2025

AMERICAN WATER WORKS COMPANY, INC.  
CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)  
July 30, 2025