


# Investor Presentation

March 2025

AMERICAN WATER

# Forward-Looking Statements

## Safe Harbor

This presentation includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation. The factors that could cause actual results to differ are discussed in the Appendix to this presentation, and in our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 19, 2025.

## Non-GAAP Financial Information

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

# Business Review

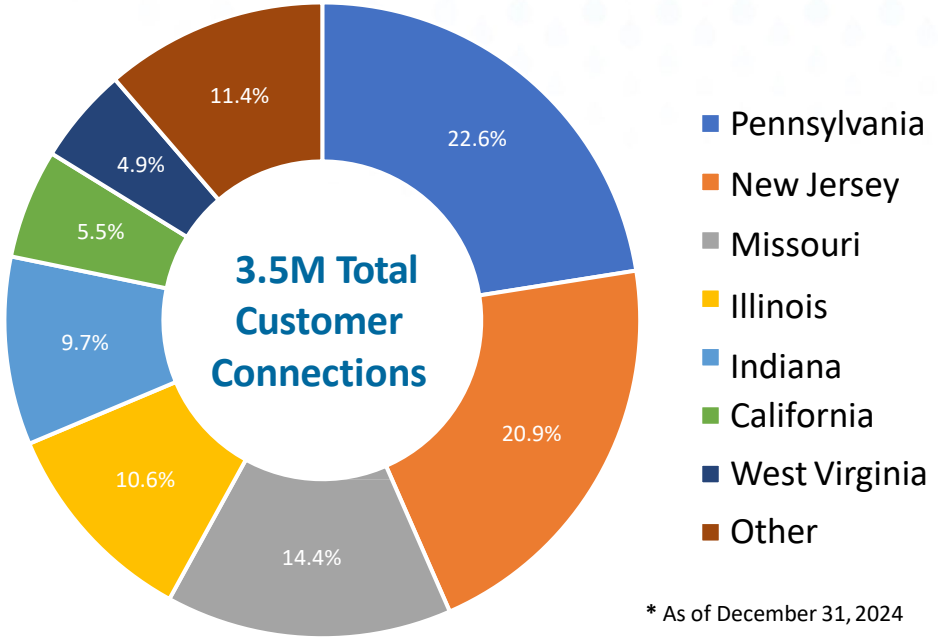
# Only Pure Play, Large-Cap Water Utility in the U.S.

AMERICAN WATER

## AMERICAN WATER NATIONAL FOOTPRINT




## Regulated Customer Count*




* As of December 31, 2024

## Regulated Operations*

- 54,500 miles of pipe
- 600 water treatment plants
- 190 wastewater treatment plants
- 1,200 wells and 75 dams

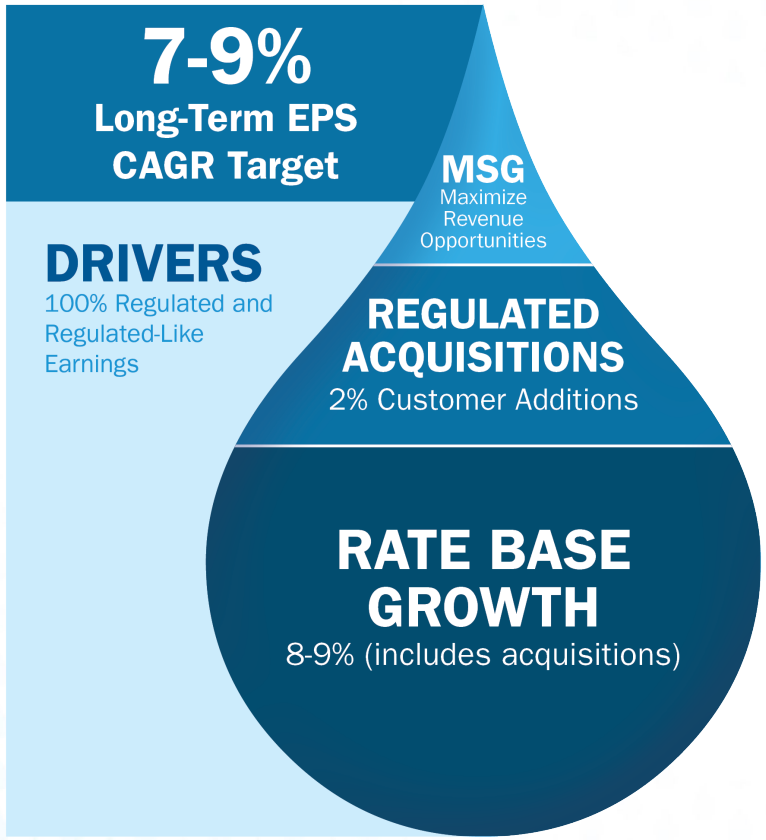
## Military Services Group

- Regulated-like earnings
- Serves 18 military installations
  - 12 Army
  - 5 Air Force
  - 1 Navy

# Long-Term Targets Affirmed

***Low Risk Capital Plan, Leading Earnings & Dividend Growth Outlook***

## EPS GROWTH OUTLOOK




## 2025 EPS Guidance

### Affirming 2025 Guidance of $5.65-5.75*

**8% EPS Growth**
**over weather-normalized 2024 EPS guidance, midpoint to midpoint**

Higher revenues from investments in rate base while proactively managing operating costs

## LONG-TERM FINANCIAL TARGETS

### Drivers of Sustainable Shareholder Return

| EPS Growth | Dividend Per Share Growth | Customer Affordability | Sustainability Leadership |
|---|---|---|---|
| **7-9%** | **7-9%** | **+** | **+** |

### Additional Supportive Targets

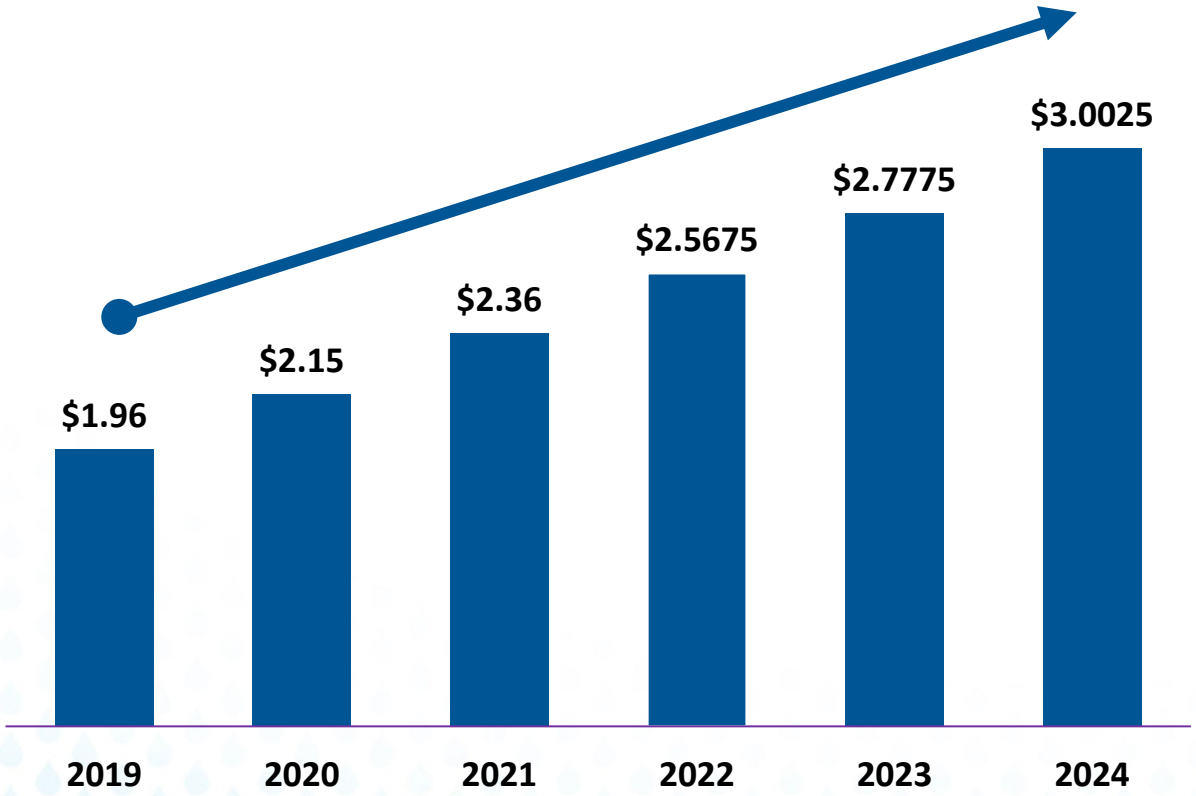
| Dividend Payout Ratio | Debt to Capital |
|---|---|
| **55-60%** | **<60%** |

** Includes $0.10 per share of incremental interest income from the seller note resulting from the 2021 sale of Homeowner Services Group (HOS) that was amended in early 2024.*

# Top Tier Dividend Growth Continued in 2024

## *8.1% Increase Aligns with Long-Term Target*

### AWK's Strong and Consistent Dividend Growth*




*Note: Chart depicts dividends paid*

** Future dividends are subject to approval of the American Water Board of Directors.*

### Total Dividend Payout Ratio

December 31, 2024
**58%**

Long-Term Target
**55-60%**

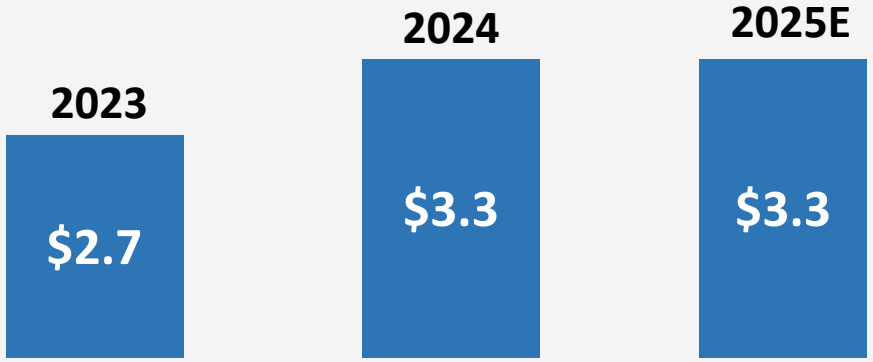
*Note: Annual 2024 cash dividends per share of $3.0025 over weather-normalized 2024 EPS of $5.18, which also excludes the $0.09 incremental interest from amended HOS seller note. Dividend payout ratio would be 57% including such incremental interest.*

# Investments Drive Continued Rate Base Growth

## Investments to Support System Needs

### Regulated Capital Investments (Includes Acquisitions)

*$ in billions*



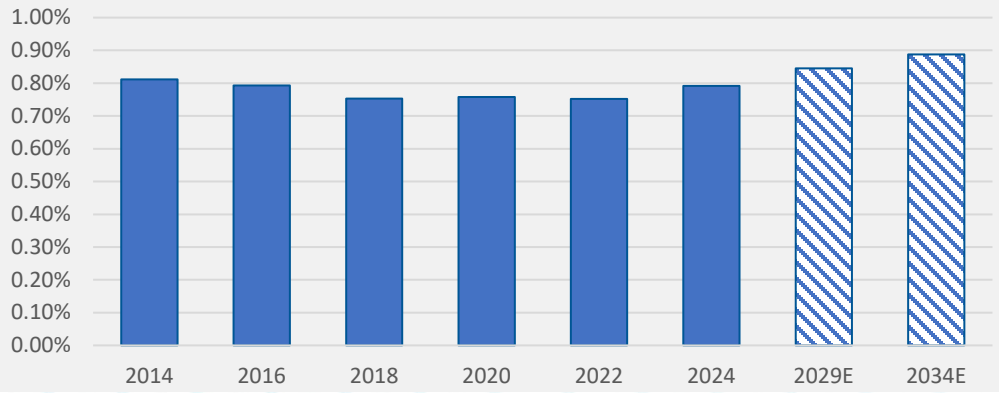

## Investments Drive Continued Rate Base Growth

### Estimated Rate Base** (Includes Acquisitions)

*$ in billions*

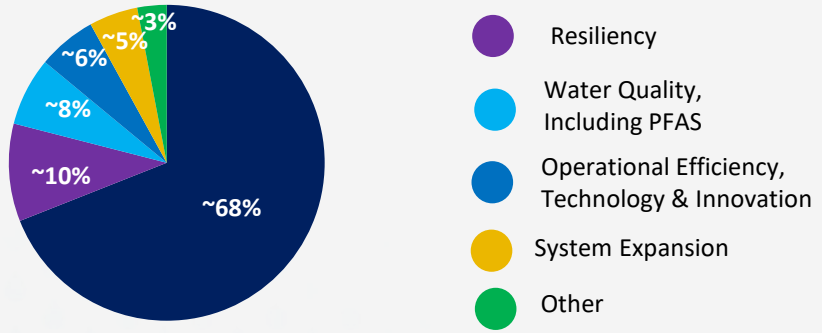



## Residential Water Bill as % of Median Household Income*




## Cap Ex Driven by Infrastructure Spend and Water Quality

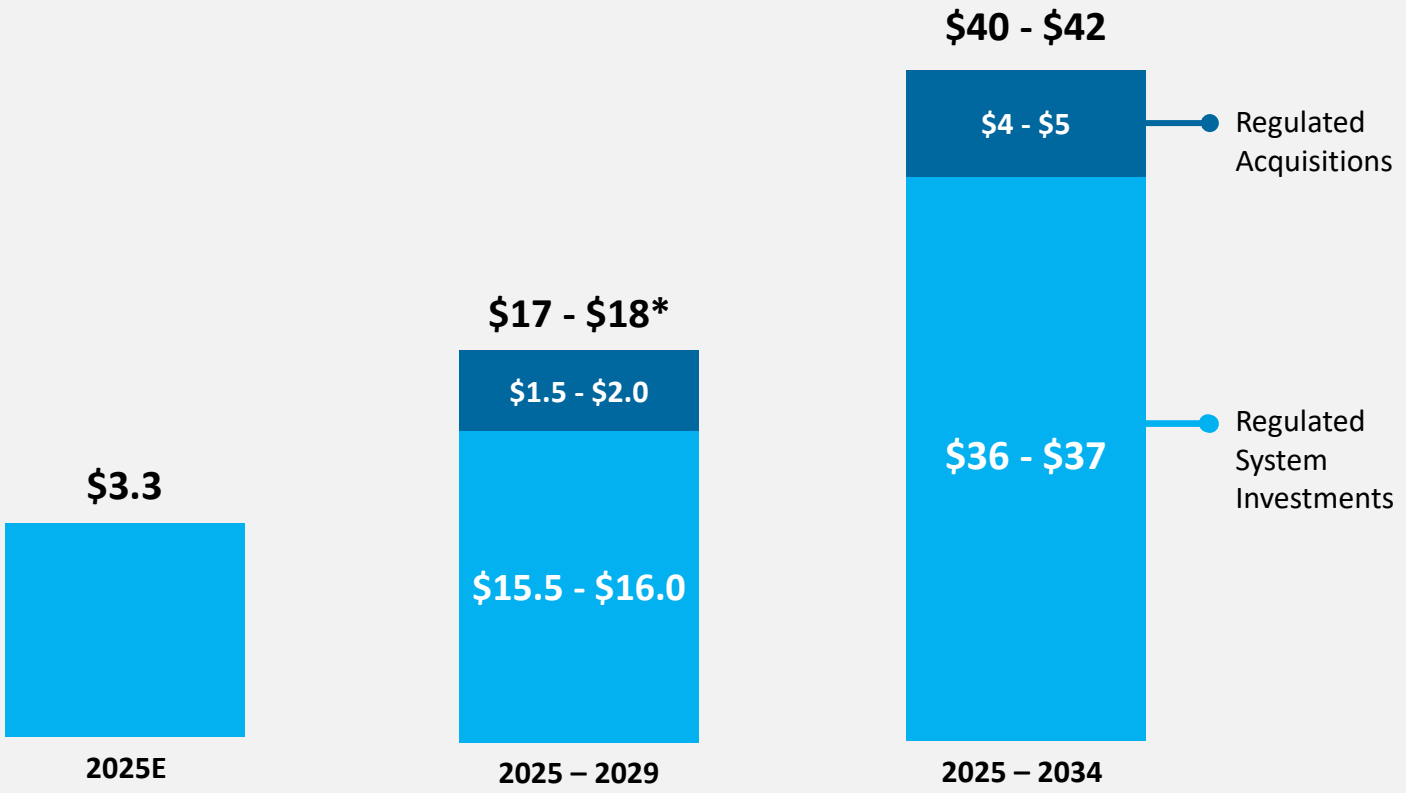
### Capital by Purpose (2025-2034)



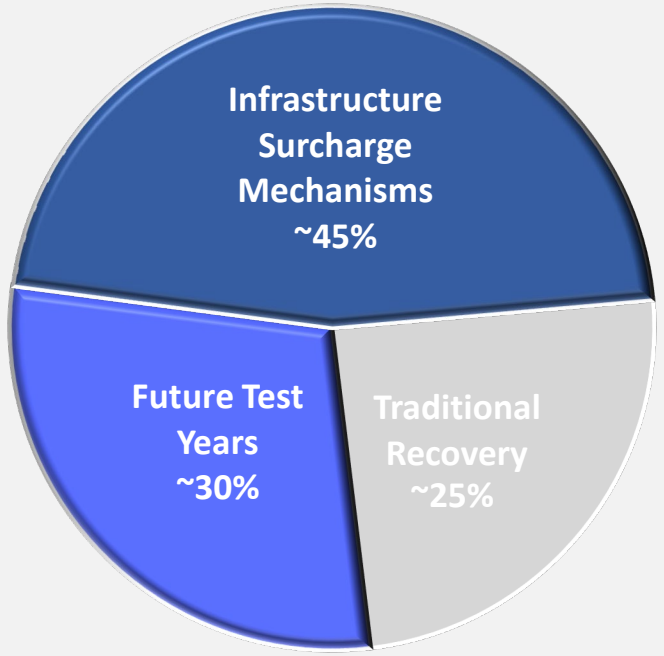

** Figure is estimated based on data from the US Census Bureau American Community Survey based on zip codes served by American Water and assumptions for future MHI levels. American Water does not collect household income data from its customers.*
*** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

# Five- and Ten-Year Capital Plans: Investments to Support System Needs

**Capital Plan** ($ in billions)



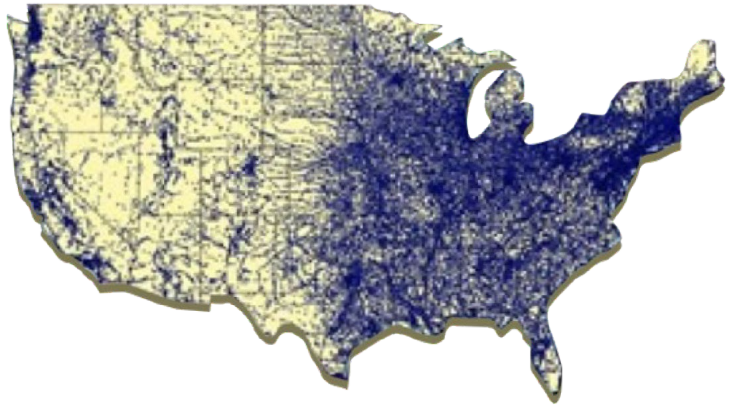

## Capital Recovery Outlook



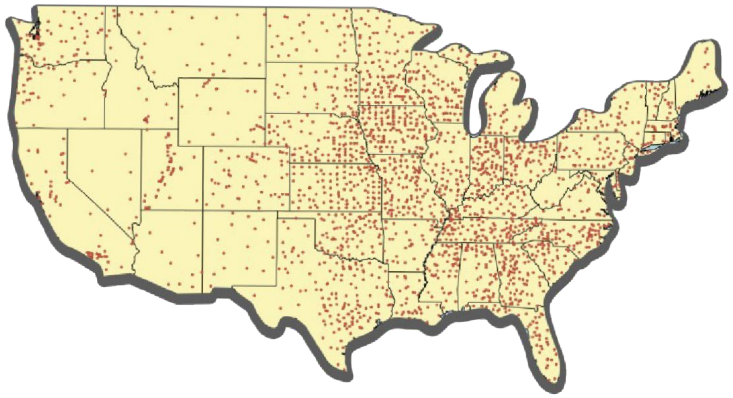

**Includes ~$1 billion related to PFAS, primarily in 2026-2028; and ~$1 billion related to LCRI.*

# Highly Fragmented Water/Wastewater Industry Creates Opportunity

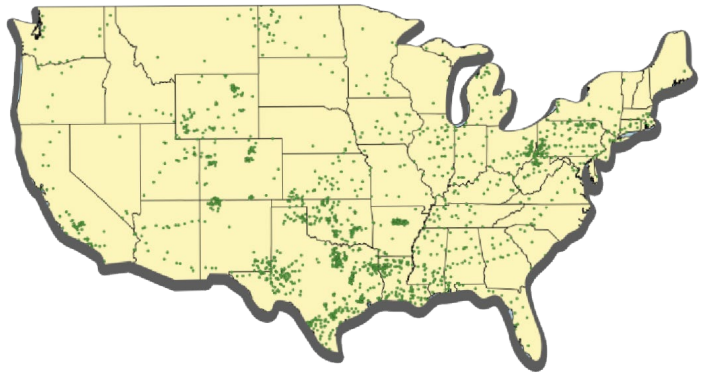
## Water Utilities



## Electric Utilities



## Natural Gas Utilities



### Industry Opportunity

| | |
|---|---|
| **>50K Water Systems** | **>17K Wastewater Systems** |
| **16%** Investor Owned | **2%** Investor Owned |
| **84%** Public & Other | **98%** Public & Other |

### American Water Footprint

- Ideal for industry consolidation opportunities
- Target 5,000-50,000 customer connections per acquisition
- Water and wastewater focus (AWK customer connections mix - 91% water & 9% wastewater)

*Water Utilities Source: EPA SDWIS Federal Reports Search*

*Electric Utilities Source: Form EIA-861 detailed data files www.eia.gov/electricity/data/eia8*

*Gas Utilities Source: EPA F.L.I.G.H.T. Greenhouse Gas Emissions from Large Facilities Ghgdata.epa.gov/ghgp/main.do#*

# State Legislation & Regulation Enable Growth

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| Fair Value | Consolidated Tariff | Future Test Year | Hybrid Test Year | Infrastructure Mechanism | Affordability Tariffs/Programs |
|---|---|---|---|---|---|
| CA | CA | CA | MD | IA | CA |
| IA | IA | HI | MO | IL | IA |
| IL | IL | IA | NJ | IN | IL |
| IN | IN | IL | WV | KY | IN |
| KY | KY | IN | | MO | HI |
| MD | MD | KY | | NJ | KY |
| MO | NJ | PA | | PA | MD |
| NJ | PA | TN | | TN | MO |
| PA | VA | VA | | VA | NJ |
| VA | WV | | | WV | PA |
| WV | | | | | TN |
| | | | | | VA |
| | | | | | WV |
| 11 | 11 | 9 | 4 | 10 | 13 |

| Water Quality Accountability Legislation | | |
|---|---|---|
| IN MO NJ | | 3 |

# Military Services Group Provides Strategic Value

## Military Services Group

- Regulated-like earnings
- Favorable ROI opportunity
- Capital light / cash flow positive
- Positive branding
- Leverage core competencies
- Dual wins for AWK & U.S. ESG values

### Currently Serving 18 Military Installations

- **12** Army
- **5** Air Force
- **1** Navy
- **0** Marine Corps

### 70 Additional Installation Opportunities

- **15** Army
- **23** Air Force
- **19** Navy
- **13** Marine Corps

# AWK's Steady Growth Drivers Serve Critical Needs

## *Low-Risk Plan to Achieve 7-9% EPS/DPS Growth that is Affordable*

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### Aging Pipes, Meters, and Service Lines

***Decades of Pipe Replacement Needed***

- 54,500 miles of pipe in our footprint; avg. age of 50-60 yrs.
- Methodical replacement of 400-450 miles of pipe/year, equates to a replacement cycle that will last for multiple decades

### Increasing Water Quality and Resiliency Needs

***Treatment Plant and System Upgrades Req'd***

- Estimated **~$1B of capital** for **PFAS** compliance
- Mandatory **lead pipe replacement** by end of 2037 to comply with the Lead & Copper Rule Improvements
- **~10%** of our capital plan allocated to hardening for resiliency, including for weather variability

### Acquisition Opportunities Plentiful

***Consolidation Promotes Efficiencies, Best Practices***

- >50k water systems and >17k wastewater systems in the U.S.; **extreme fragmentation offers opportunity for us to grow**
- Acquisition pipeline of more than 1.5 million connections
- Wastewater growth is a natural opportunity; our customer mix is currently 91% water, 9% ww

### Affordability of Water Remains Industry Best

***Consistently Lowest Utility Bill for Customers***

- Current 10-year outlook projects AW's water bills **at or below 1%** of median household income
- Rate recovery by customer class well-established, as opposed to data center-driven uncertainty
- Continually advocating for programs and tariffs to assist lower income customers

***Foundational Elements of our Low-Risk Plan to Achieve 7-9% EPS/DPS Growth***

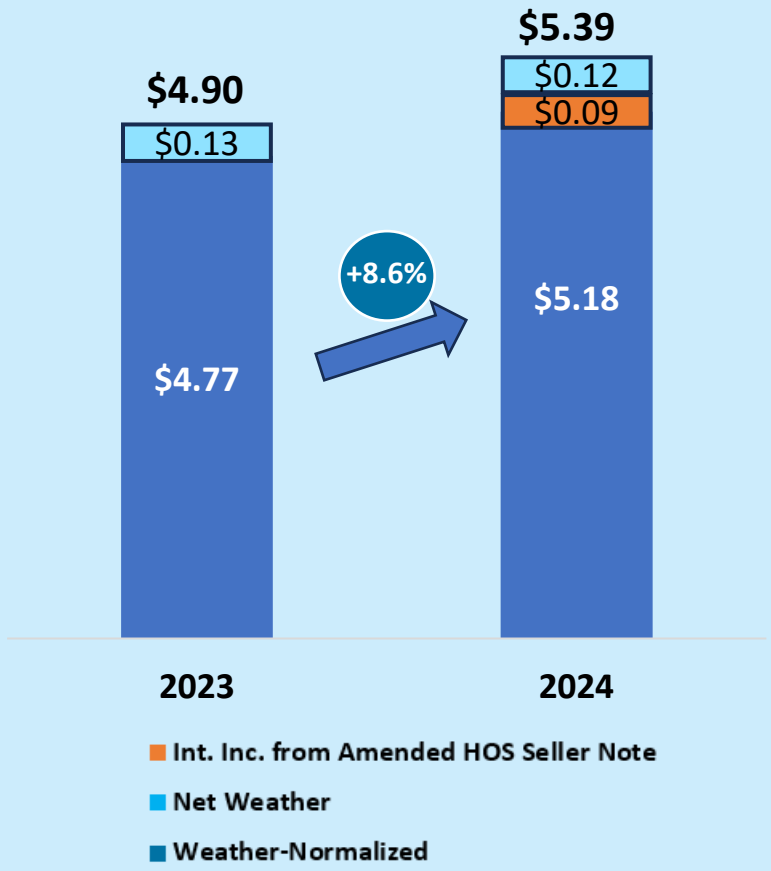
# 2024 Results and 2025 Outlook

# Strong 2024 Results: Continuing to Execute the Plan

## *EPS Growth Driven by Investments, Regulatory Execution*

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### Earnings Per Share




### ☑ 2024 Highlights

- ✓ Achieved **planned** EPS and dividend **growth for the year of 8+%**
- ✓ Continued success in regulatory execution
  - ✓ Completed seven rate cases
    - IN, WV, KY, PA, NJ, IL and CA
    - New rates will reflect over $400M of additional revenues supporting rate base investments for the benefit of customers
- ✓ Invested $3.3 billion in infrastructure improvements and acquisitions
- ✓ Added nearly 90,000 customer connections, of which 69,500 were from acquisitions, meeting our 2% acquisition CAGR target

# 2024 Completed Rate Cases

| State Subsidiary | Capital Investment | Authorized ROE | Equity Layer | Additional Authorized Revenue | Rates Effective Date |
|---|---|---|---|---|---|
| Indiana | $875 million | 9.65% | 56.15% | $25 million<br>$23 million<br>$18 million | February 21, 2024<br>May 10, 2024<br>May 2025 |
| West Virginia | $340 million | 9.80% | 50.12% | $25 million (Base Rates and DSIC) | February 25, 2024<br>March 1, 2024 (DSIC) |
| Kentucky | $330 million | 9.70% | 52.22% | $11 million<br>$6 million | May 3, 2024<br>November 6, 2024 |
| Pennsylvania | $1 billion | 9.45% | 55.30% | $99 million | August 7, 2024 |
| New Jersey | $1.3 billion | 9.60% | 55.00% | $80 million | September 15, 2024 |
| California | $462 million | 10.20% | 57.04% | $21 million<br>$16 million<br>$16 million | January 1, 2024<br>January 1, 2025<br>January 1, 2026 |
| Illinois | $557 million | 9.84% | 49.00% | $105 million | January 1, 2025 |

# EPS Guidance: Affirming 2025

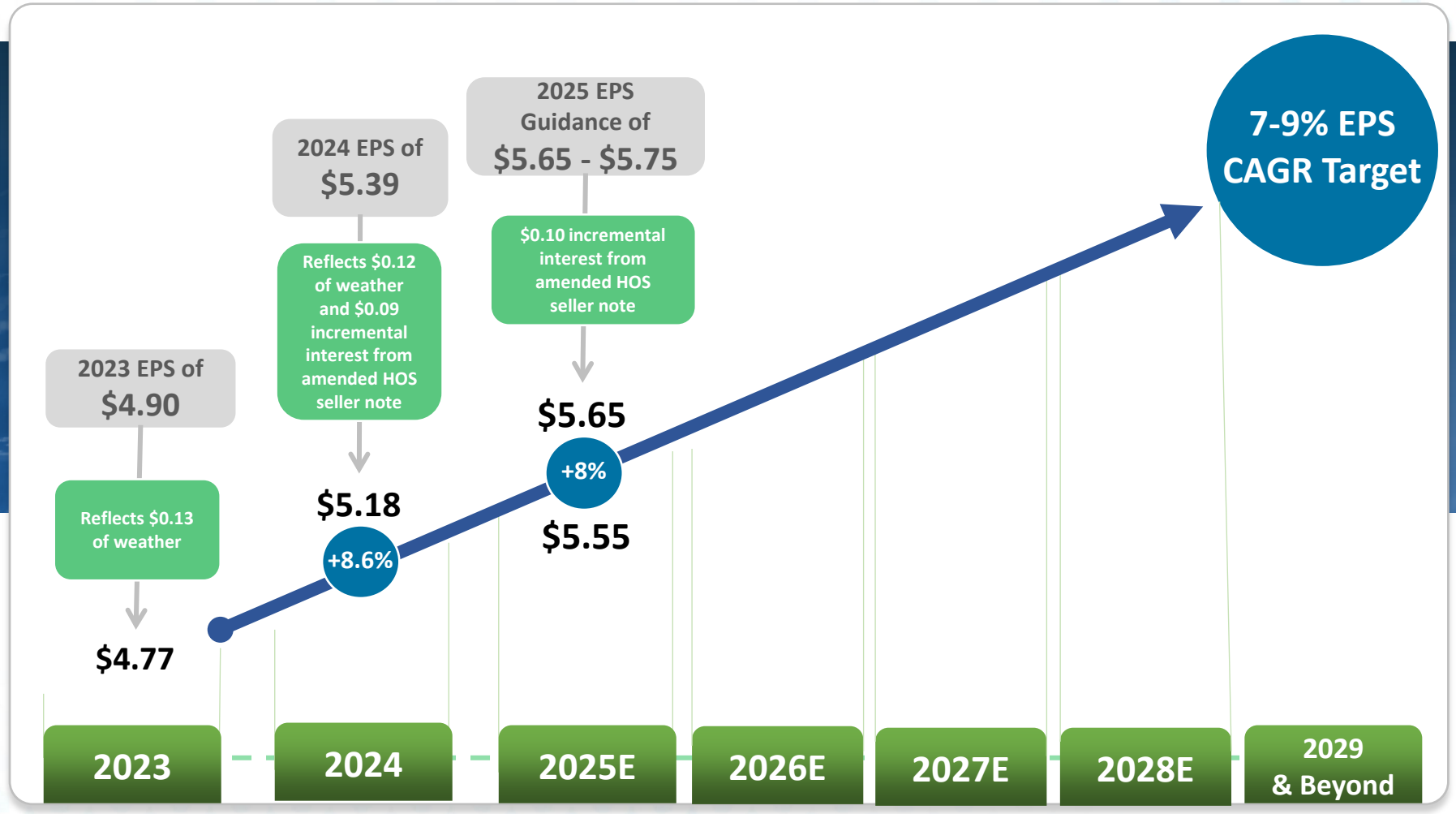
## *Consistent Future Earnings Growth Within 7-9% Range*

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## 2025 EPS Guidance

**$5.65 - $5.75**

Includes $0.10 incremental interest from amended HOS seller note



# Affirming 2025 EPS Guidance of $5.65 to $5.75**

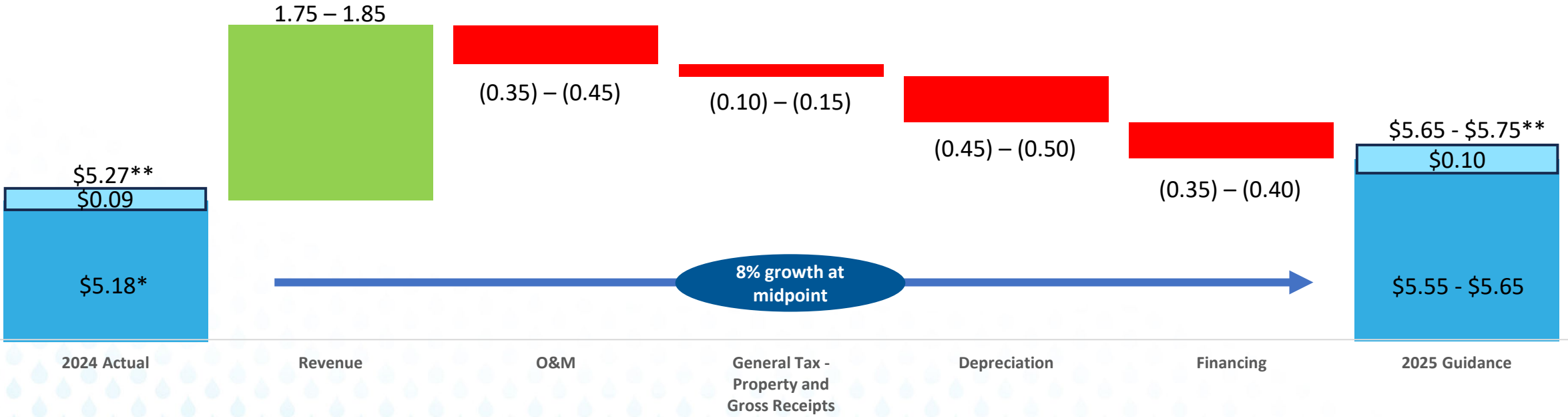
## *Also Affirming 2025-2029 Financing Plans*

### 2025 Growth Drivers

- ✓ **8% EPS growth in 2025 (at midpoint) vs. 2024 on a weather-normalized basis**
  - Revenue growth in base rates and in infrastructure mechanisms from capital investment
  - Focus on customer affordability by continuing to drive effective and efficient cost management strategies
  - Deliver cost effective financing while maintaining balance sheet strength and credit profile

### Financing Plans

- ✓ **$2.5B equity issuance in 2025-2029 plan, driven by capital investment needs and consistently achieving <60% debt to cap target**
  - Includes $1.0 billion equity financing expected in 2026, and $1.5 billion expected in 2029, to support growth in the business; issuance size and timing are subject to market conditions and to financing plan needs
  - **Current 2025 financing plan includes $1.5-2.0B of long-term debt financing; does not include any equity financing**




** Excludes weather of $0.12 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3, $0.05 in Q4).*

*** Includes $0.09 and $0.10 incremental interest from amended HOS seller note in 2024 and 2025, respectively.*

# General Rate Case and Other Regulatory Updates

## Rate Cases in Progress

| State Subsidiary | Filed | Capital Investment | Rates Expected Effective Date |
|---|---|---|---|
| Hawaii | 8/2/24 | $41 million | Mid-2025 |
| Missouri | 7/1/24 | $1.1 billion | Mid-2025 |
| Iowa | 5/1/24 | $157 million | Interim rates effective 5/11/24 |

## Other Regulatory Update

**On January 14, 2025, the California Public Utilities Commission granted the request for a further one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027. The ROE will remain 10.20% through Dec. 31, 2026, unless the WCCM is triggered when next measured on Sept. 30, 2025.**

## 2025 Completed Rate Cases

| State Subsidiary | Type | Additional Authorized Revenue | Rates Effective Date |
|---|---|---|---|
| Tennessee | General | $1 million | January 21, 2025 |
| Virginia | General | $15 million | February 24, 2025 |

## Date of Previous GRC Filings by State

| MD | CA | IN | WV | KY | VA | PA | NJ | IL | TN | IA* | MO* | HI* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| June 28, 2018 | July 1, 2022 | March 31, 2023 | May 1, 2023 | June 30, 2023 | Nov. 1, 2023 | Nov. 8, 2023 | Jan. 19, 2024 | Jan. 25, 2024 | May 1, 2024 | May 1 , 2024 | July 1, 2024 | Aug. 2, 2024 |

**In progress*

# Successfully Executed $800M Note Offering

***Closed this offering on February 27, 2025***

- ☑ 2025 financing plan includes $1.5-2.0B of long-term debt financing; remainder to occur later in 2025
- ☑ **Issuance demonstrates effective execution in an elevated interest rate environment to fund growth and manage financing costs**

| Successfully Executed $800 Million Senior Note Offering | |
|---|---|
| Issuer | American Water Capital Corp. |
| Pricing Date | February 24, 2025 |
| Tenor | 10yr Senior Unsecured |
| Size | $800M |
| Annual Interest Rate | 5.250% |

# Continued Strong Balance Sheet & Credit Ratings

## AWK Long-Term Senior Unsecured Ratings

| S&P | Moody's |
|---|---|
| A | Baa1 |
| *(Stable Outlook)* | *(Stable Outlook)* |

Ratings and Stable Outlook affirmed at S&P / Moody's (Mar. '24/Jan. '25)

- ✓ Low risk business profile
- ✓ Strong regulatory jurisdictions
- ✓ Supportive financial plans

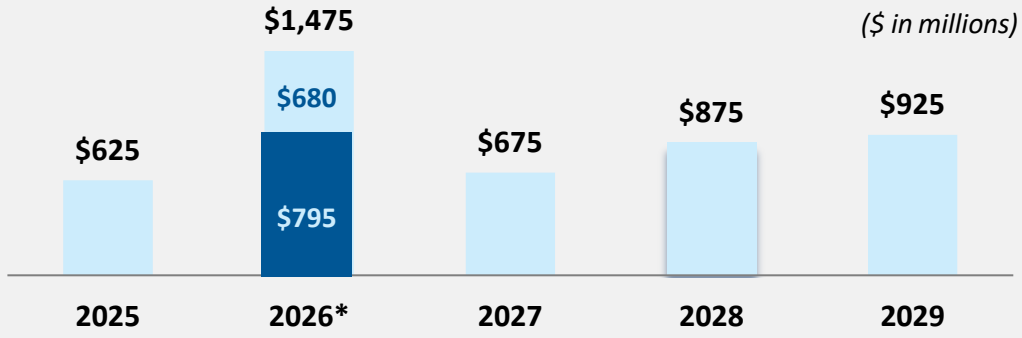
## Total Debt to Total Capital

As of December 31, 2024
**57%**

Long-Term Target
**<60%**

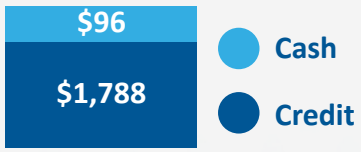
*Note: December 31, 2024 percentage shown is net of cash and cash equivalents of $96 million.*

## Consolidated Debt Maturity Profile
*as of December 31, 2024 (Rounded)*




## Liquidity Profile
*($ in millions rounded)*

**Available Liquidity as of 12/31/24**




**Revolving Credit Facility**

- ✓ Credit Facility capacity of $2.75 billion
- ✓ Extended maturity to October 2029, effective October 28, 2024

**Proceeds of $795 million from the note related to the sale of HOS are due to the Company in December 2026.*

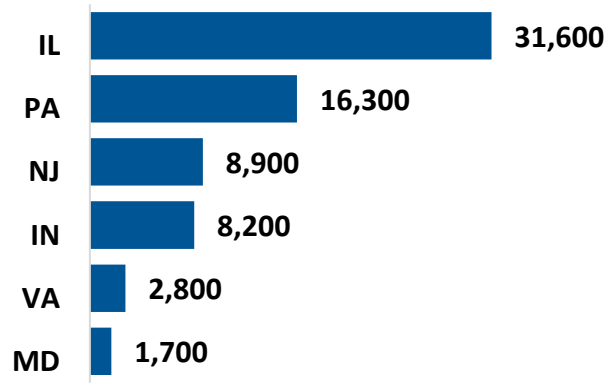
# $417 Million of Acquisitions Closed in 2024

## *Strong Acquisition Pipeline, Balanced Across Many States*

### Closed

*For Year Ended December 31, 2024*

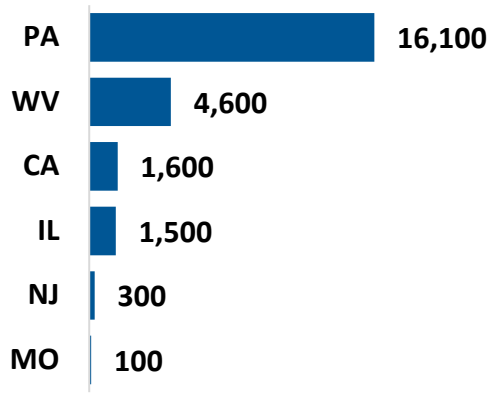
**~69,500 Customer Connections**
**13 Acquisitions in 6 States, $417M**




### Under Agreement

*As of January 1, 2025*

**~24,200 Customer Connections**
**17 Acquisitions in 6 States, $105M**




### Business Development Outlook

- Significant Business Development (BD) capability added across footprint
- Enhanced BD structure largely complete; centralized due diligence, integration processes in place
- Multiple activities in multiple states currently underway
  - More than a dozen deals in the bid accepted or offered phase; majority are in our mid-size states

**In Support of 2% Customer Additions CAGR Target**

**More than 1.5 Million Customer Connections in Pipeline**

# Appendix

# Forward Looking Statements

Certain statements made, referred to or relied upon in this presentation including, without limitation, 2025 earnings guidance, the Company's long-term financial, growth and dividend targets, the ability to achieve the Company's strategies and goals, customer affordability and acquired customer growth, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures and its capital recovery outlook, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, 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 in this presentation as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and because of factors such as: 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 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 ("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; the Company's Military Services Group 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; 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 greenhouse gas 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 located in Monterey, California, 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 included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this presentation. American Water 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, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

# 2024 Earnings and 2025 Earnings Guidance (Non-GAAP)

This presentation includes a description of American Water's 2024 earnings per share, 2025 earnings per share guidance range, and its 2024 dividend payout ratio, excluding the incremental interest from the amendment in early 2024 of the HOS seller note. This information would constitute "non-GAAP financial measures" under SEC rules. They are derived from American Water's consolidated financial information but are not presented in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). This information supplements American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes this information is useful to American Water's investors because it excludes an item not reflective of its ongoing operating results, and the presentation will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use this information internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend this information to represent future results as defined by GAAP, and investors should not consider it as such. In addition, this information may not be comparable to similar presentations by other companies, and, accordingly, it may have significant limitations in its use.

# 2024

## END OF YEAR HIGHLIGHTS

NAMED 2024 PUBLIC COMPANY BOARD OF THE YEAR BY NATIONAL ASSOCIATION OF CORPORATE DIRECTORS NEW JERSEY CHAPTER

RECOGNIZED ON BARRON'S 100 MOST SUSTAINABLE U.S. COMPANIES 2024 LIST AS HIGHEST-RANKED WATER AND WASTEWATER UTILITY

RANKED 1ST IN THE UTILITIES INDUSTRY CATEGORY ON *FORBES* AMERICA'S BEST LARGE EMPLOYERS LIST

NEARLY 90,000 NEW WATER AND WASTEWATER CUSTOMER CONNECTIONS THROUGH ACQUISITIONS AND ORGANIC GROWTH

CELEBRATED 50 YEARS OF THE SAFE DRINKING WATER ACT

$3.3B TOTAL CAPITAL INVESTMENT

MEETS OR SURPASSES ALL FEDERAL, STATE AND LOCAL DRINKING WATER STANDARDS

ISSUED 8TH SUSTAINABILITY REPORT COVERING INDUSTRY LEADERSHIP AND PERFORMANCE AS A RESPONSIBLE BUSINESS

$5M+ GIVEN THROUGH THE AMERICAN WATER CHARITABLE FOUNDATION

AMERICAN WATER'S NEW JERSEY SUBSIDIARY RANKED #1 IN J.D. POWER 2024 WATER UTILITY RESIDENTIAL CUSTOMER SATISFACTION STUDY IN NORTHEAST LARGE REGION

NAMED A TOP PERFORMER FOR TRAINING & DEVELOPMENT AND WORKFORCE COMPOSITION

RECOGNIZED WITH TOP SCORE ON DISABILITY EQUALITY INDEX FOR SIXTH CONSECUTIVE YEAR

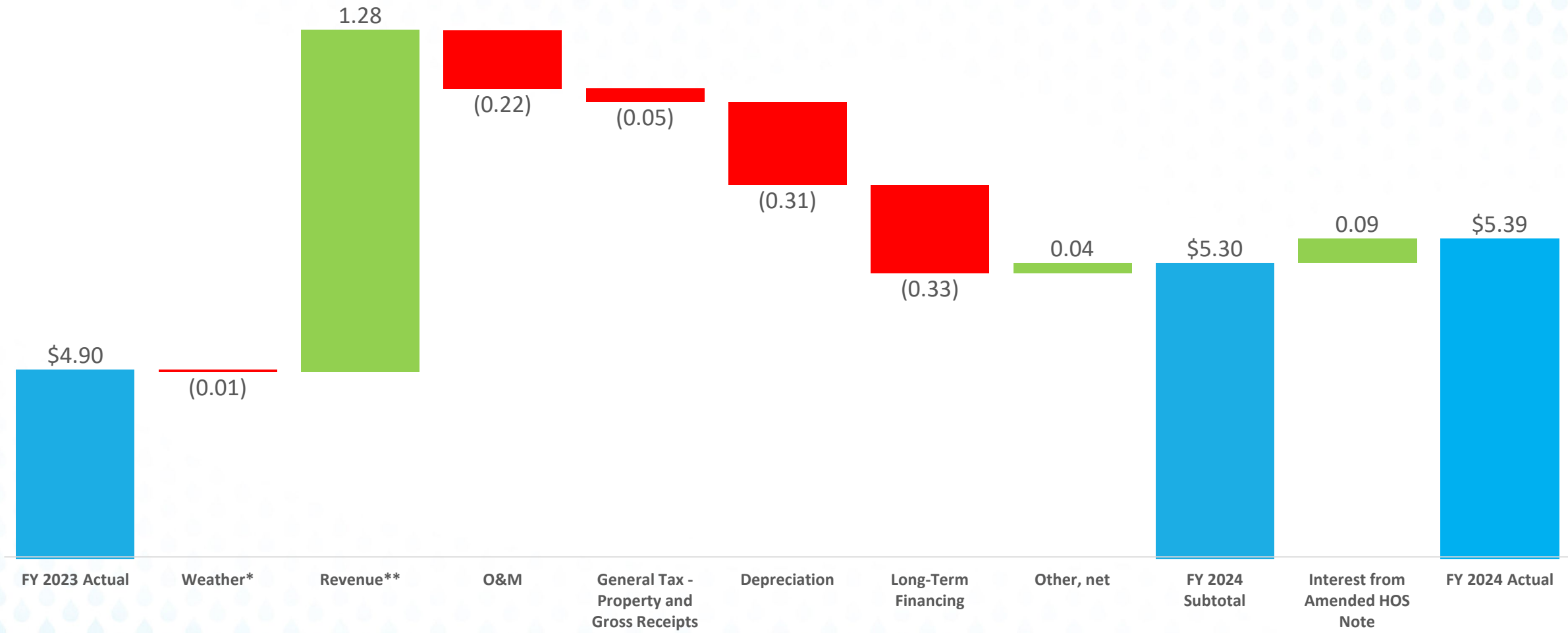
HONORED AS A 2024 VETS INDEXES 5 STAR EMPLOYER FOR FOURTH CONSECUTIVE YEAR

900+ EMPLOYEE VOLUNTEERS; 3,000+ HOURS OF SERVICE DURING COMPANYWIDE AMERICANS IN ACTION! MONTH OF SERVICE

CONTINUED TO HELP COMMUNITIES SOLVE WATER AND WASTEWATER CHALLENGES, SUCH AS PFAS, LEAD AND COPPER, AND OTHER CRITICAL ISSUES ARISING FROM UNDER-INVESTMENT OF CAPITAL AND DEFERRED MAINTENANCE THROUGHOUT THE U.S.

AMERICAN WATER

# Reconciliation of 2024 EPS Results Compared to 2023




** Includes weather of $0.12 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3, $0.05 in Q4) and $0.13 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3, and $0.02 in Q4).*

*** Revenue reported net of purchased water of $0.08 per share.*

# Details of Fourth Quarter 2024 EPS



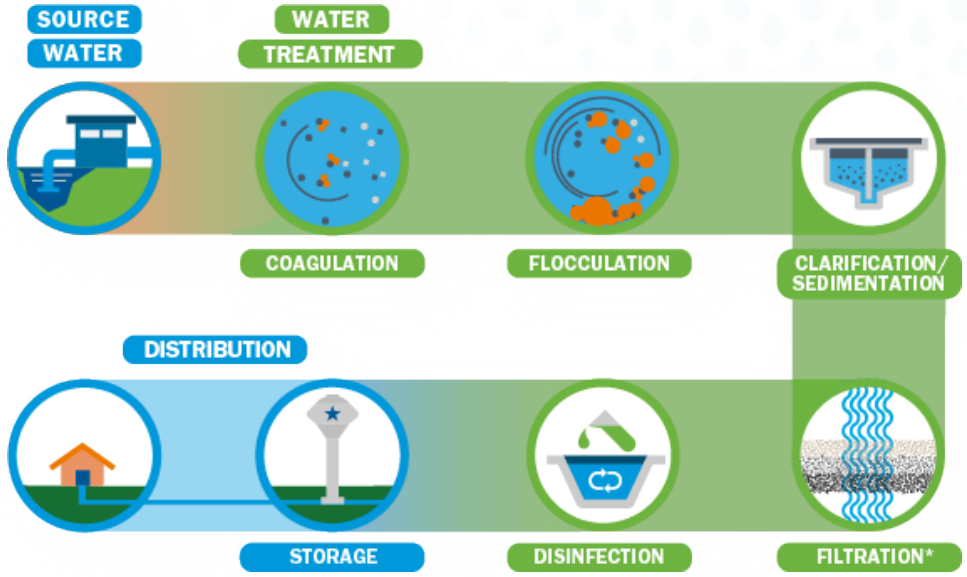

** Includes weather of $0.05 per share net favorable in 2024 and $0.02 per share net favorable in 2023.*
*** Revenue reported net of purchased water of $0.03 per share.*

# U.S. EPA PFAS Rule

## *Supply Agreement Signed with Calgon Carbon*

### Final Federal PFAS Rule Recap

- Drinking water limits of 4.0 parts per trillion (ppt) for PFOA and PFOS; limits set for three additional PFAS
- **American Water's estimates ~$1B of capital and up to ~$50M annually for operating expenses**
- American Water has entered into a nine-year supply contract with Calgon Carbon to supply granular activated carbon, equipment and reactivation services to >50 treatment sites across 10 states through 2033.
- U.S. EPA designated PFOA and PFOS as hazardous substances under CERCLA through a separate rulemaking in April. The Company is actively advocating and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS.




*Includes PFAS treatment

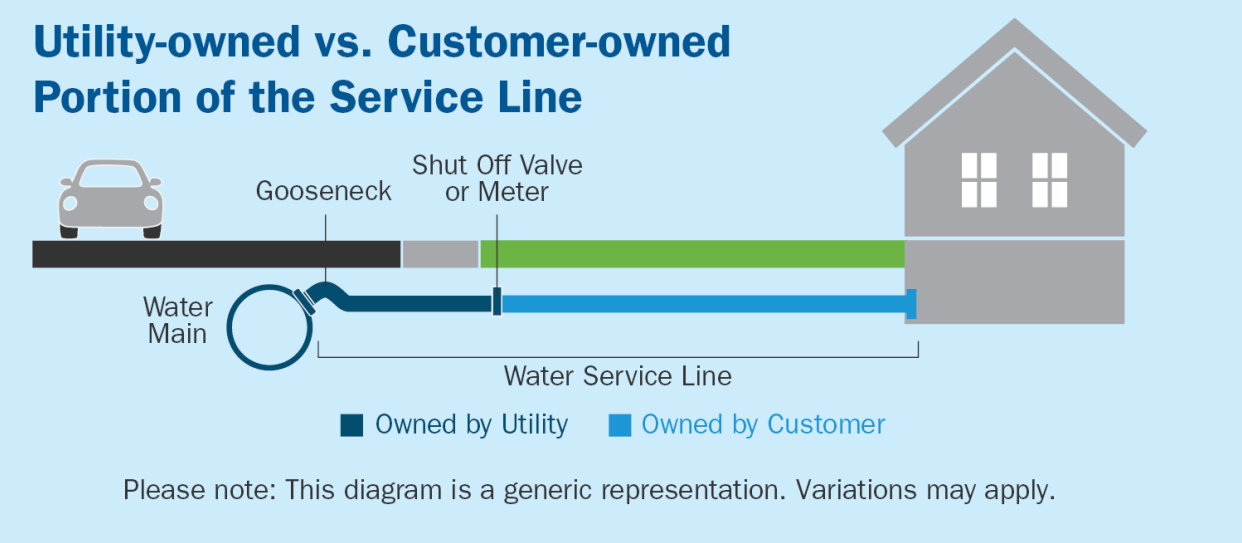
### PFAS Litigation Recap

- American Water is a party to the Multi-District Litigation (MDL) lawsuit against several PFAS manufacturers.
- We remain a party to four settlements, which we believe is the best path for our customers.
  - In Feb. and Mar. 2024, the MDL court approved settlements with DuPont and 3M, respectively; the amount of proceeds to be received from each settlement is pending.
  - In Nov. 2024, the MDL court approved settlements with Tyco Fire Products LP and BASF Corporation; the amount of proceeds to be received from each settlement is pending.

# Lead Service Lines Remain in Focus

## Review of U.S. EPA's Lead and Copper Rule Improvements Rule

- On October 8, 2024, the United States Environmental Protection Agency (EPA) announced final Lead and Copper Rule Improvements (LCRI).
- The LCRI includes requirements related to (1) achieving lead replacement by the end of 2037, 10 years from the Compliance Date; (2) locating legacy lead pipes; (3) improving tap water sampling; (4) lowering the lead action level; and (5) strengthening protections to reduce exposure.
- American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead service lines over time is the right thing to do for the health and safety of our customers.
- Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.
- We believe all stakeholders must understand the costs associated with the proposed improvements to the Lead and Copper Rule and that the EPA estimates are likely understated. The cost to identify the material of all unknown service lines and replace all lead service lines and galvanized lines, where needed, by 2037 will require significant investment for all water systems.




- American Water is in the process of developing an estimate of capital expenditures and operating costs needed to meet the specific requirements of the LCRI. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

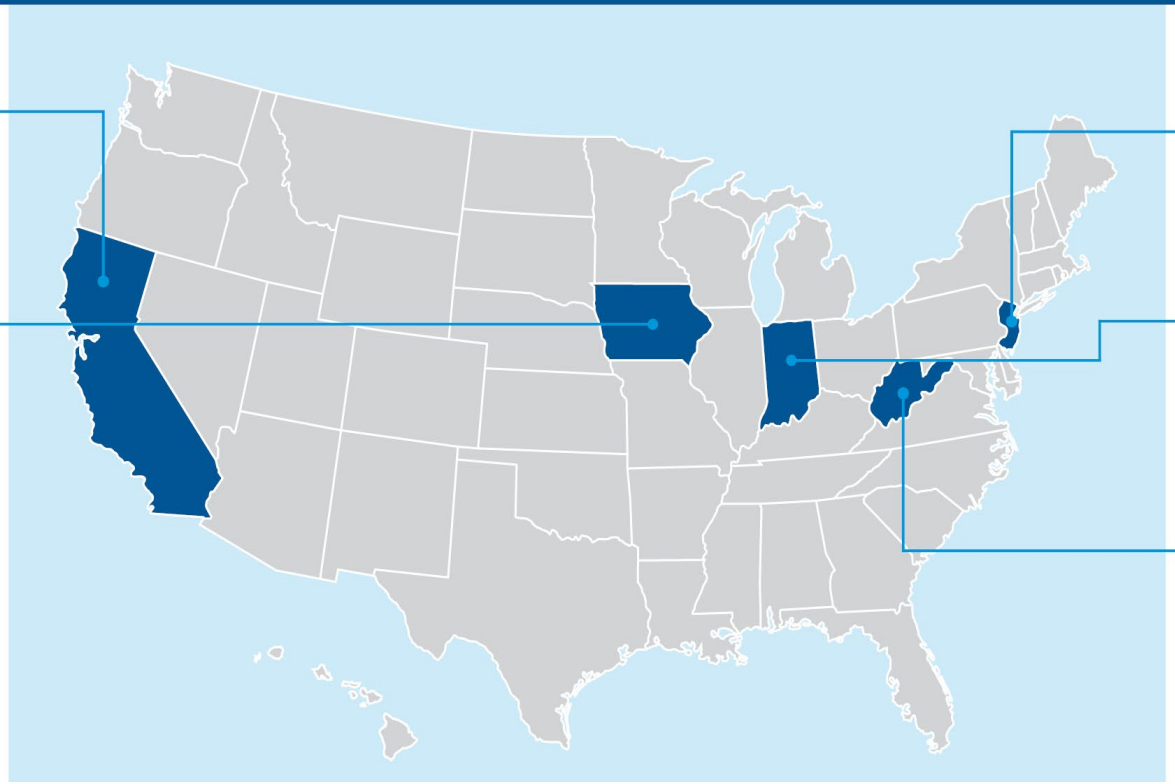
# State Legislative Highlights in 2024

## STATE LEGISLATION

### California
**NATURAL RESOURCES BOND**
Effective December 13, 2024

### Iowa
**REMOVAL OF REGULATORY COMMISSION PREAPPROVAL OF CERTAIN ACQUISITIONS**
Effective July 1, 2024

**PROPERTY TAX EXEMPTION**
Effective May 2, 2024



### New Jersey
**RESILIENCY AND ENVIRONMENTAL SYSTEM INVESTMENT CHARGE PROGRAM (RESIC)**
Effective January 16, 2024

### Indiana
**ACQUISITION OF SMALL OFFERED UTILITY**
Effective July 1, 2024

**LEAD SERVICE LINE REPLACEMENT**
Effective March 11, 2024

### West Virginia
**FIRE HYDRANT MAINTENANCE AND TESTING RULES**
Effective June 4, 2024

# Reconciliation of Estimated Rate Base

## Estimated Rate Base*

| | As of 12/31/2024 |
|---|---|
| Net Utility Plant | $28.0 |
| *Less* | |
| Advances for Construction | $0.4 |
| CIAC – Contributions in Aid of Construction | $1.6 |
| Net Deferred Income Taxes | $3.9 |
| | $5.9 |
| **Total Estimated Rate Base** | **$22.1** |

** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

# Closed Acquisitions

***December 31, 2024***

| STATE | NUMBER OF SYSTEMS | WATER CUSTOMER CONNECTIONS | WASTEWATER CUSTOMER CONNECTIONS | TOTAL CUSTOMER CONNECTIONS |
|---|---|---|---|---|
| **Illinois** | 2 | - | 31,600 | 31,600 |
| **Pennsylvania** | 4 | 1,900 | 14,400 | 16,300 |
| **New Jersey** | 3 | 2,400 | 6,500 | 8,900 |
| **Virginia** | 2 | 1,400 | 1,400 | 2,800 |
| **Indiana** | 1 | 8,200 | - | 8,200 |
| **Maryland** | 1 | 1,700 | - | 1,700 |
| **Total** | 13 | 15,600 | 53,900 | 69,500 |

# Acquisitions Under Agreement

AMERICAN WATER

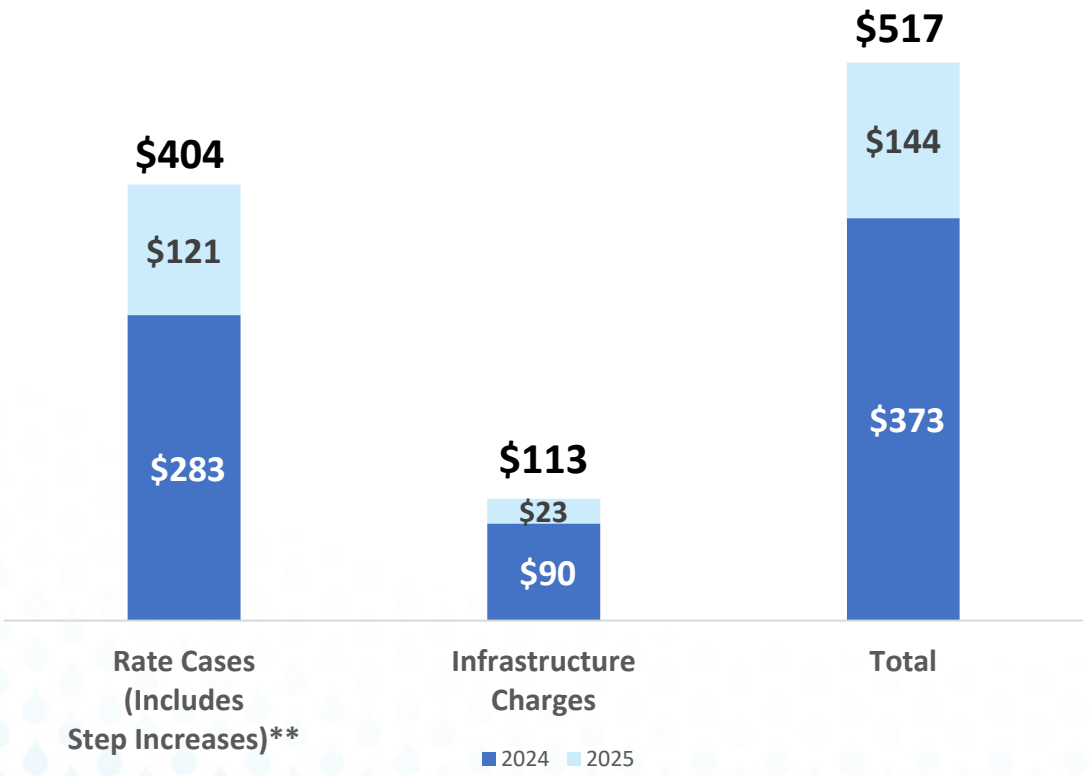
***January 1, 2025***

| STATE | NUMBER OF SYSTEMS | WATER CUSTOMER CONNECTIONS | WASTEWATER CUSTOMER CONNECTIONS | TOTAL CUSTOMER CONNECTIONS |
|---|---|---|---|---|
| **Pennsylvania** | 9 | 7,800 | 8,300 | 16,100 |
| **West Virginia** | 1 | - | 4,600 | 4,600 |
| **California** | 4 | 1,600 | - | 1,600 |
| **Illinois** | 1 | - | 1,500 | 1,500 |
| **New Jersey** | 1 | 300 | - | 300 |
| **Missouri** | 1 | 100 | - | 100 |
| **Total** | 17 | 9,800 | 14,400 | 24,200 |

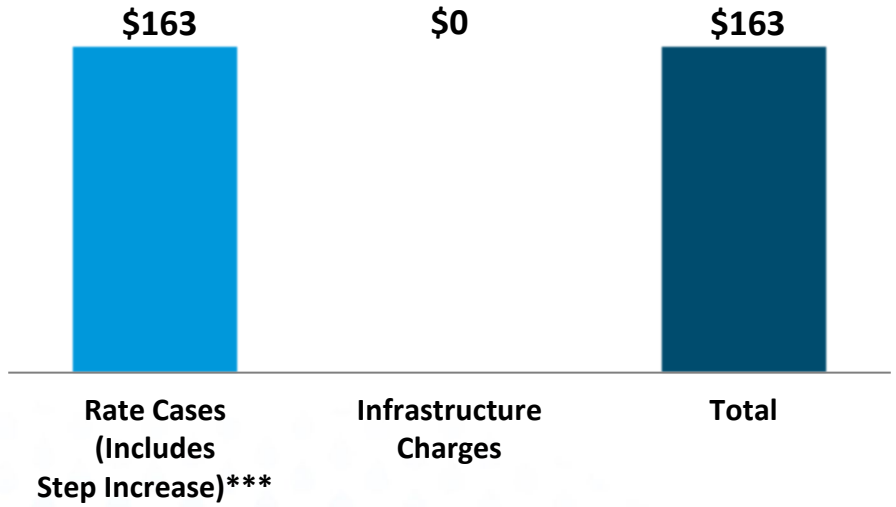
# Annualized Revenue from Rate Proceedings

*($ in millions)*

## Rate Filings Completed*
*Effective since January 1, 2024*




## Requested Revenue in Pending Rate Proceedings




** Annualized revenue increase for rates effective since January 1, 2024*
*** Does not include certain step increases in Indiana and California which have been approved, but not yet effective*
**** Excludes revenue already approved through infrastructure mechanisms*

# Rates Effective Since…

## January 1, 2024

*($ in millions)*

| Rate Cases & Step Increases | Date Effective | Annualized Revenue Increases |
|---|---|---|
| California | 1/1/2024 | $21[a] |
| Indiana, Step Increase | 2/21/2024 | 25[b] |
| West Virginia | 2/25/2024 | 18[c] |
| Kentucky | 5/3/2024 | 17[d] |
| Indiana, Step Increase | 5/10/2024 | 23[b] |
| Pennsylvania | 8/7/2024 | 99[e] |
| New Jersey | 9/15/2024 | 80[f] |
| | **Sub-Total** | **$283** |

| Infrastructure Charges | Date Effective | Annualized Revenue Increases |
|---|---|---|
| Illinois (QIP) | 1/1/2024 | $5 |
| Missouri (WSIRA) | 1/20/2024 | 26 |
| West Virginia (DSIC/WSIC) | 3/1/2024 | 7[c] |
| Iowa (QIP) | 3/1/2024 | 1 |
| Pennsylvania (DSIC) | 4/1/2024 | 7 |
| New Jersey (DSIC) | 4/30/2024 | 9 |
| Pennsylvania (DSIC) | 7/1/2024 | 14 |
| Missouri (WSIRA) | 7/11/2024 | 21 |
| | **Sub-Total** | **$90** |
| | **Total** | **$373** |

## January 1, 2025

| Rate Case | Date Effective | Annualized Revenue Increase |
|---|---|---|
| Illinois | 1/1/2025 | $105[g] |
| Tennessee | 1/21/2025 | 1[h] |
| Virginia | 2/24/2025 | 15[i] |

| Infrastructure Charges | Date Effective | Annualized Revenue Increases |
|---|---|---|
| Kentucky (QIP) | 1/1/2025 | $2 |
| West Virginia (DSIC/WSIC) | 1/1/2025 | 4 |
| Missouri (WSIRA) | 2/7/2025 | 17 |
| | **Total** | **$144** |

a) The Final Decision was issued December 5, 2024 with rates effective retroactively to 1/1/2024. The new rates will be implemented in February 2025 in the amount of $20.9 million for 2024. This excludes the step rate and attrition rate increase for 2025 and 2026 of $15.9 million and $15.9 million, respectively. The total revenue requirement request for the three year rate case cycle is $52.7 million.

b) The Company's Indiana subsidiary was authorized annualized revenues of $24.96 million for Step 1, this excludes the $40.5 million for infrastructure surcharges. This excludes the Step 2 rate increase which became effective May 10, 2024 in the amount of $22.5 million and Step 3 rate increase which will be effective in May 2025 in the amount of $18.8 million. The total revenue requirement for the three step rate case cycle is $66.3 million.

c) The Company's West Virginia subsidiary was authorized additional annualized revenues of $18.4 million, excluding the reductions in revenues for infrastructure surcharges in the amount of $6.9 million. After clarification, the Commission directed the Company to interpret the DSIC Order as having included the amortization within the DSIC, which increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

d) On May 3, 2024, the Company's Kentucky subsidiary was authorized additional annualized revenues of $10.6 million. Interim rates were effective February 6, 2024, and the difference between interim and final Commission approved rates are subject to refund with interest no later than August 26, 2024. On May 16, 2024, the Company's Kentucky subsidiary filed a petition requesting a rehearing of the Commission's order and on May 28, 2024, the Commission granted the rehearing request. On November 6, 2024 the Commission ruled on the rehearing and adjusted the authorized additional annualized revenues to $17.3 million effective on new Order date.

e) The Company's Pennsylvania subsidiary has authorized additional annualized revenues of $99.3 million, excluding reductions in revenues for infrastructure surcharges in the amount of $19.65 million.

f) The Company's New Jersey subsidiary has authorized additional annualized revenues of $79.5 million, this excludes the $41.9 million for infrastructure surcharges.

g) The Company's Illinois subsidiary was authorized additional annualized revenues of $105.2 million, excluding reductions in revenues for infrastructure surcharges in the amount of $5.1 million.

h) The Company's Tennessee subsidiary was authorized additional annualized revenues of $1.0 million, this excludes the $17.5 million for infrastructure surcharges.

i) On February 24, 2025, the Company's Virginia subsidiary was authorized additional annualized revenues of $14.6 million. Interim rates were effective May 1, 2024, and the difference between interim and final Commission approved rates are subject to refund with interest within 90-days of the date of the Order.

# Pending Rate Case Filings

*($ in millions)*

| Rate Cases Filed | Docket/Case Number | Date Filed | Requested Revenue Increase | ROE Requested | Rate Base |
|---|---|---|---|---|---|
| Iowa [a] | Docket No. RPU-2024-0002 | 5/1/2024 | $21 | 10.75% | $258 |
| Missouri [b] | Docket No. WR-2024-0320 | 7/1/2024 | 123 | 10.75% | 3,185 |
| Hawaii | Docket No. 2024-0038 | 8/2/2024 | 2 | 10.67% | 53 |
| California Step Increase | | 1/21/2025 | 17 | | |
| **Total** | | | $163 | | $3,496 |

a) The Company's Iowa subsidiary has requested additional annualized revenues of $20.8 million, this excludes the $0.9 million for infrastructure surcharges. Interim rates were effective on May 11, 2024, in the amount of $5.1 million and the difference between interim and final Commission approved rates are subject to refund.

b) The Company's Missouri subsidiary had originally requested additional annualized revenues of $148.1 million to recover investment through May 2026; this excludes $47.5 million for infrastructure surcharges. After the original filing, the Commission issued an Order establishing the test year to include true-up through December 31, 2024, and allowing parties to propose adjustments through May 2025. In response, the Company has filed Supplemental Testimony which revises the Company's revenue request to $123.2 million; this excludes $47.5 million for infrastructure surcharges.

# Regulatory Information – Top 10 States

| | CALIFORNIA | ILLINOIS | INDIANA | KENTUCKY | MISSOURI |
|---|---|---|---|---|---|
| **Authorized Rate Base*** | $882,554[g] | $2,185,956 | $1,723,927 | $489,426 | $2,318,849[c] |
| **ROE** | 10.20%[a] | 9.84% | 9.65% | 9.70% | 9.75%[d] |
| **Equity** | 57.04%[a] | 49.00% | 56.15%[b] | 52.22% | 50.00%[e] |
| **Effective Date of Rate Case** | 1/1/2024[g] | 1/1/2025 | 5/10/2024 | 5/3/2024 | 5/28/2023 |

| | NEW JERSEY | PENNSYLVANIA | TENNESSEE | VIRGINIA | WEST VIRGINIA |
|---|---|---|---|---|---|
| **Authorized Rate Base*** | $5,050,637 | $5,823,752 | $300,742 | $369,287[c] | $886,313 |
| **ROE** | 9.60% | 9.45% | 9.70% | 9.70% | 9.80% |
| **Equity** | 55.00% | 55.30% | 44.19% | 45.67% | 50.12% |
| **Effective Date of Rate Case** | 9/15/2024 | 8/7/2024 | 1/21/2025 | 2/24/2025[f] | 2/25/2024 |

**Rate Base stated in $000s*

a) On June 29, 2023, Decision 23-06-025 set the authorized cost of capital through 2024. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding. The decision established an ROE of 8.98% effective 30-days after the decision date. On June 30, 2023, the Company filed to implement an automatic ROE adjustment to 9.50% for 2023 based on the Commission approved Water Cost of Capital Adjustment Mechanism (WCCM), which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, California American Water filed a request to increase the ROE to 10.2% for 2024, which was approved on November 15, 2023, effective January 1, 2024.

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

c) The Authorized Rate Base listed is the Company's view of the Rate Base allowed in the case; the Rate Base was not disclosed in the Order or the applicable settlement agreement.

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

e) The equity ratio listed is the Company's view of the equity ratio allowed in the case; the actual equity ratio was not disclosed in the Order or the applicable settlement agreement.

f) Interim rates were effective May 1, 2024 and received final Order February 24, 2025.

g) The Rate Base and Effective date are based off of Year 1 of the rate case. Annual adjustments are made for Year 2 and 3 which reflect authorized capital improvements for Rate Base and inflationary adjustments for O&M.

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# UPCOMING EVENTS

| | |
|---|---|
| Q1 2025 Earnings Call | May 1, 2025 (projected) |
| Annual Shareholders Meeting (Virtual) | May 14, 2025 |
| Q2 2025 Earnings Call | July 31, 2025 (projected) |
| Q3 2025 Earnings Call | October 30, 2025 (projected) |