

# MAKING A SPLASH!

INFRASTRUCTURE INVESTMENT: CREATING JOBS AND STRONGER COMMUNITIES.

## WE ARE AMERICAN WATER

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly-traded water and wastewater utility company. The company employs more than **6,800 dedicated professionals** who provide regulated and market-based drinking water, wastewater and other related services to an estimated **15 million people in 47 states and Ontario, Canada.**

### SERVING COMMUNITIES

**Whether it is through our employees volunteering in a local nonprofit or the investment in critical infrastructure, American Water is always committed to working in and being a partner with the communities we serve.**

Recently, this commitment was on display in Lexington, Ky., when the Insurance Services Organization (ISO), which measures the effectiveness of fire protection services in cities nationwide, dramatically improved Lexington's ranking, moving it up to a Class 1 ranking, and giving it one of the highest scores in the country.

Fire Chief Kristin Chilton said, "This is a team effort, and we are lucky to have the Division of E-911 and Kentucky American Water working with us in Lexington. ISO performed an independent third-party analysis, which validates our operations. It is critical to get this perspective when planning for the future."

Kentucky American Water had upgraded critical water infrastructure in Lexington, which was one of many key factors in the improved ranking. The company also maintains and supplies approximately 7,000 public hydrants used by the fire department.

"Kentucky American Water is proud to support Lexington's fire department professionals in their critical service to the community," said Nick Rowe, senior vice president of American Water's Southeast

Division and president of Kentucky American Water. "Our team has worked hard and made important investments over the years to increase available water supply, replace aging water mains and ensure well-maintained fire hydrants. We pledge to continue making prudent investments in water system infrastructure in order to support the fire department's mission and ensure safe, clean drinking water for our customers. We congratulate Lexington's fire department on this tremendous achievement, and we thank the members for their service."



### OFFERING SOLUTIONS

#### TALKING WITH CONGRESS

Testifying before the House Transportation & Infrastructure Subcommittee on Water Resources and Environment, Kathy Pape, senior vice president of Regulatory Policy and Business Development, discussed the role of federal agencies in water infrastructure and offered perspectives and recommendations on solving our nation's water infrastructure challenges.

The specific policy recommendations that Pape discussed include increasing options for communities; reforming tax regulations to better support infrastructure investment; better leveraging of existing federal programs through expanded access; and the removing of tax-exempt bonds for water infrastructure from state volume caps.

"I think it is critical that the public and private sectors come together to address our nation's infrastructure challenges," said Pape. "By partnering, public and private stakeholders can reduce the fiscal burden on public sector balance sheets, transfer risks and enable government agencies to focus on their top priority: ensuring their community's health and safety."

The committee hearing took place on Thursday, March 9, in Washington, D.C. [Click here for transcripts.](#)

## NEW CUSTOMERS, NEW SOLUTIONS

### American Water continues to work with communities to help provide solutions to water and wastewater challenges.

Oftentimes, we are able to leverage our scale and size by acquiring a system adjacent to systems we already own and operate.

These opportunities enable us to integrate and manage the acquired systems and operations primarily using existing management, and achieve operational efficiencies. In the first quarter of 2017, American Water agreed to or finalized the purchase of several such water systems in Illinois, New Jersey and California.


**Illinois American Water** acquired the village of **Sadorus Water system**. We welcomed 185 customers to the customer base in Champaign County, Ill.

Using the recently passed Illinois Water Systems Viability Act, the Illinois Commerce Commission supervised the appraisal

process used for the Sadorus water system. According to Illinois American Water President Bruce Hauk, this law gives communities an alternative to value their water and/or wastewater system when considering acquisition by an investor-owned water utility.

“Previous law allowed the investor-owned water or sewer utility to pay only the original cost minus depreciation to acquire a small system, public or private,” Hauk said. “Because of this, communities were deprived of receiving adequate value for their system.”

**New Jersey American Water** also welcomed 11,000 new customers through the acquisition of **Shorelands Water Company**. Robert MacLean, president



In the first quarter of 2017, American Water agreed to or finalized the purchase of several water systems adjacent to ones we already own and operate, adding **12,810** new customer s.

of New Jersey American Water said, “Shorelands connects to one of our existing systems, and will enhance our supply, helping us achieve our goal of increased reliability for our customers.”

**California American Water** welcomed 1,625 new customers when we acquired the **Meadowbrook Water Company**. This purchase allows us to leverage existing resources and infrastructure in Sacramento County.

## SERVING OUR CUSTOMERS

### ASCE REPORT CARD

The American Society of Civil Engineers’ (ASCE) latest **Report Card** for America’s Infrastructure, issued every four years since 2001, recently gave the nation’s water systems a D grade and wastewater systems a D+ grade. This result remains in line with the last few reports, and heightens the sense of urgency to take actions that will turn around the condition of this often-overlooked category of infrastructure.

To help address these infrastructure challenges, American Water invested a record \$1.3 billion in 2016, the majority of which was for water and wastewater infrastructure that improves our long-term service reliability and water quality for our customers.

According to Chief Operating Officer Walter Lynch, the value of the ASCE Report Card is in raising customer awareness of the critical nature of these issues and the value of our water and wastewater infrastructure, which is largely hidden underground.



“That infrastructure is essential to delivering clean, safe, reliable water to our customers, but is often taken for granted until there is an issue,” Lynch said. “While much work needs to be done to raise the grade of the nation’s deteriorating water infrastructure, recognizing that a healthy water system truly promotes economic vitality, provides public health and protects our environment can only improve future scores across the country.”

American Water plans to invest almost \$6 billion in next five years to ensure reliable service to our customers.