

WHAT'S NEW?

AMERICAN WATER 2016 FOURTH QUARTER UPDATE | FEBRUARY 2017

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.**

GROWTH

NEW CUSTOMERS, NEW SOLUTIONS

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

In 2016, we continued to grow our customer base organically and through regulated acquisitions, which means we will add nearly 82,000 customers to our regulated business through announced or pending acquisitions.

The consolidation of the many water and wastewater systems across the U.S. is one way to make infrastructure improvements while improving overall operations and limiting impacts on customer bills. Combining small system service areas into a single system reduces compliance and operation spending and spreads costs over a broader customer base.

This is also true in areas where there are two separate entities running the water and wastewater systems. For example, at the end of 2016, Pennsylvania American Water completed its acquisition for the Scranton Sewer Authority's assets. Pennsylvania American Water already provided water services to the SSA's

customers. Now, we can leverage our resources, increase efficiencies and make needed investments while limiting the impact to customer bills.

Recently, our Contract Services Group announced a new partnership delivering clean water to residents and businesses in **South Orange, New Jersey**. The long-term partnership consists of a 30-year water sales agreement entered into in 2015 with New Jersey American Water and a 10-year operations and maintenance agreement entered into in 2016 with American Water Contract Services Group.

The improvements necessary to provide water to the Village include the construction of more than 6,000 linear feet of transmission main and a new pumping station built by New Jersey American Water at the Village's Department of Public Works facility.

Village and company officials worked together on the operational transition plan that included converting customer data into the new customer service platform and preparing to take operational responsibility for the Village's water delivery infrastructure.

[For more information, click here.](#)

EXPERTISE

SHARING KNOWLEDGE

As an industry leader, we are pleased to share our expertise and participate in discussions with other industry partners, as we all look to develop solutions for our communities. This past quarter, American Water experts participated in more than two dozen conferences, including:

- Water Research Foundation Seminar
- Utility Regulation Conference
- California Water Association Annual Director's Meeting
- ATHENA Leadership Symposium
- NARUC Annual Meeting
- National Association of State Utility Consumer Advocates (NASUCA)
- Emerging Issues Policy Forum Conference
- 2016 NAWC Water Summit
- 2016 Women's International Network of Utility Professionals
- World Water-Tech North America Summit
- National Utilities Diversity Council

Our partnership with South Orange, NJ, includes operational responsibility of:

- **4,750** customer connections
- **60** miles of water main
- **600** hydrants
- **3,000** valves
- **3** storage tanks
- **1** water supply well



COMPANY SUCCESSES

UNIQUE PARTNERSHIP REMOVES BARRIERS

California American Water partners with state and federal agencies to complete the largest dam removal in California history.

The 106-foot San Clemente Dam, built in 1921 and removed in the summer of 2015, impacted threatened habitat within the Carmel River, which was declared one of America's 10 most endangered rivers in 1999. Once vibrant steelhead trout runs dramatically decreased over time, while lives and property below the dam were threatened by the possible collapse of the seismically unsafe structure.

Before its removal, the reservoir no longer provided significant water storage for the community, having filled more than 95 percent with 2.5 million cubic yards of sediment and with a remaining water storage capacity of only about 70 acre-feet. The removal project included an innovative engineering approach of rerouting the river around accumulated sediment.

"Our approach avoided the environmental impact of releasing or transporting

sediment," said California American Water President Rob MacLean. "The river reroute makes this dam removal unique from a technical and engineering point of view. I'm tremendously proud of the more than 300 people who worked to construct this project and performed the job safely and on time."

Bringing the dam removal project to fruition was made possible by a strong partnership between California American Water, the California State Coastal Conservancy and NOAA's National Marine Fisheries Service. Additional federal, state and local agencies and elected officials at all levels played key roles in the project's design, approval, and funding. \$49 million of the \$83 million construction cost was funded by California American Water. \$34 million was contributed by federal, state and private sources, including the State



Coastal Conservancy and the National Marine Fisheries Service, as well as The Nature Conservancy, the Wildlife Conservation Board, and the California Department of Fish and Wildlife.

Through their leadership on this award-winning project, California American Water demonstrates our commitment to partnering with local communities to ensure they have the best water and water services. [Click here to learn more.](#)

VALUE

Building better value for our customers

In 2016, we made about **\$1.5 billion in total annual investment**, the highest in our company's history.

We invested \$1.3 billion in our regulated system, which improves our long-term service reliability and water quality for our customers. Additionally, American Water plans to invest almost \$6 billion over the next five years in our regulated system.

Even more importantly, we know that our customers need to trust that the water we provide is clean and safe. Once again, we met or surpassed all EPA requirements in 2016. We were 21 times better than the industry. This is foundational to us and our business.

American Water met or surpassed all EPA requirements in 2016 – **21 times better** than the industry.



Here are two examples that highlight how our operations are really demonstrating our vision, clean water for life, every day. In both Tennessee and New Jersey, we helped areas struggling with water source challenges.

Tennessee American Water was asked by a local leader in the surrounding county of Bledsoe if we could help a small community on private wells during the exceptional drought of 2016. We were able to quickly mobilize a water tanker and deliver it to the local volunteer fire department. As soon as we arrived, residents were lining up to fill containers for use in their homes.

In New Jersey, we transferred 4 million gallons a day (mgd) to the northern part of the state under a drought watch. We were able to help because of our expansive distribution network and interconnects. We are also completing an internal project that will increase our capacity to transfer volumes greater than 10 mgd if we need to do so or are asked by the NJDEP.