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 of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation. The factors that could cause actual results to differ, including uncertainties, risks and other factors associated with the current novel coronavirus (COVID-19) pandemic, are discussed in the Appendix to this presentation, and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, as filed with the SEC on August 5, 2020.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures. Further information regarding these non-GAAP financial measures, including a reconciliation of each of these measures to the most directly comparable GAAP measure, is included in the Appendix to this presentation.
American Water’s COVID-19 Response

Employees

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

Customers and Communities

- Suspended billing-related service shutoffs and restored service to customers who were previously shut off for non-payment
- Suspended payment of late fees until further notice
- Working with customers who are experiencing a financial hardship by offering customer assistance programs and access to low income programs
- Implemented social distancing and enhanced safety measures for employees who engage with customers
- Made more than $400,000 in charitable contributions as of August 2020 to support our communities as they deal with the impacts of COVID-19

Regulatory & Liquidity

- Implemented actions to ensure liquidity and access to capital
- Increased communications with public service commissions, customers, and public officials
- Actively engaged with state regulatory commissions to address COVID-19 financial impacts, with commission approval orders received in 10 out of 14 regulated jurisdictions as of August 5, 2020

The industry leader

- Trusted Source of everything water
- “Best in Class” execution of business fundamentals
- Highest in customer satisfaction
- Set the bar for water quality, water source monitoring, and water technology across US
- Proven and predictable financial performance and growth
We are the Largest and Most Geographically Diverse Water Utility in the United States

**American Water customer connections mix – 93% water & 7% wastewater**
In This Environment, The Execution of Our Strategy Continues

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

- Market Based Businesses: 1-2%
- Regulated Acquisitions: 1-2%
- Regulated Investment CAPEX: 5-7%

Clear investment thesis provides confidence in long-term strategy

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

*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)

**Subject to American Water Board of Directors approval
Investment Thesis
The Regulated Industry We Operate In...

American Society of Civil Engineers Grades US Infrastructure

- Waste Water Report Card
  - 2017 Grade D+
- Drinking Water Report Card
  - 2017 Grade D

Not American Water pipes

Resiliency investments to manage climate variability

- Approximately 50,000 water systems, 15,000 wastewater systems
- By 2020, 44% of U.S. pipe infrastructure to be classified as poor, very poor, or life elapsed...
- In the U.S., over 20%—or 2 trillion gallons—of treated water is lost each year...
- 900 billion gallons of untreated sewage is discharged every year into U.S. rivers, streams and other waterways...

Critical need for multi-decade investment
Diversity Gives Us Key Competitive Advantages

National regulated footprint provides regulatory and geographic diversity

American Water
To Serve Our Regulated Customers, We Have...

ASSETS

- 52,500 miles of pipe
- 600 water treatment plants
- 1,000 wells
- 140 wastewater facilities
- 1,300 water storage facilities
- 1,500 pumping stations

Employees

more than 6,900 employees

Research & Development

11 PhDs

to address emerging contaminants and water quality

≈6,000 Regulated Employees

Our customers pay < $0.01 per gallon on average
Growth Triangle Anchored on Multi Decades of Investment Needs

Industry leading growth with regulated risk profile supported by capital light Market-Based Businesses

2020-2024 Plan
7-10%* EPS CAGR range

- Market Based Businesses: 1-2%
- Regulated Acquisitions: 1-2%
- Regulated Investment CAPEX: 5-7%

2019 - 2023 Capital Plan
$8.0 – $8.6

2020 - 2024 Capital Plan
$8.8 – $9.4

2020 - 2029 Capital Plan
$20 – $22

*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)
Our Stable and Predictable Capital Plan Supports Rate Base Growth

2020 – 2024 Capital Plan

$ in billions

$8.8 – $9.4

$0.6 – $1.2

Regulated Acquisitions

$8.2

Regulated System Investments

Rate Base Acceleration*

≈7-8%**

Rate base CAGR

2018 2019 2020 2021 2022 2023 2024

$12.5 $13.7 $13.7 $13.7 $13.7 $13.7 $13.7

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

**Anchored off of 2018 rate base
Our Investments Ensure Safe, Reliable, Affordable Water & Wastewater Services for our Customers

Customer Affordability

| AWK water & wastewater (Avg monthly bill) | $95 |
| EPA Benchmark water & wastewater monthly bills* | $226 |

2020 – 2024 Capital Plan

| Regulated Investments | $8.2 |
| Regulated Acquisitions | $0.6 – $1.2 |
| Water & Wastewater monthly bills* | $226 |

2020 – 2024 Average Regulated Capital Expenditures by Purpose

- Infrastructure Renewal: 66%
- System Expansion: 8%
- Resiliency: 8%
- Water Quality: 8%
- Other: 8%
- Operational Efficiency, Technology & Innovation: 4%

Over the last five years, we have replaced pipe on about a 150-year cycle, and we anticipate replacing nearly 2,000 miles of mains and collection pipes between 2020 – 2024.

Disciplined Focus on Expenses

**Regulated O&M Efficiency Ratio**

- 2024 O&M Efficiency Target of 31.3%*
- Adjusted O&M Expenses from 2010-LTM 2020 increased only 0.8% CAGR**
- Added ≈281,000*** customer connections since 2010

* A reconciliation to a most comparable forward-looking GAAP measure is not available without unreasonable effort
** Non-GAAP Measure – See appendix for reconciliation. O&M Efficiency Ratio = Adjusted Regulated O&M Expenses (O&M Expenses is most comparable GAAP measure) / Adjusted Regulated Operating Revenues (Operating Revenues is most comparable GAAP measure). This calculation assumes purchased water revenues approximate purchased water expenses. Also, 2010–2016 adjusted for TCJA
*** Includes organic customer connections & closed dispositions and acquisitions
Timely Recovery through Regulatory Mechanisms

2020-2024 Capital Plan (average)

59% Infrastructure Surcharge Mechanisms (32%)
41% Traditional Recovery

Forward Test Years (27%)
Timely Recovery of Revenues, Expense, and Investment Mechanisms

17 New Regulatory Mechanisms Across Our Footprint Since 2010

- Revenue Stability Mechanisms
  - CA
  - IL
  - NY

- Utility Plant Recovery Mechanisms
  - CA
  - PA
  - IL
  - TN
  - KY
  - VA
  - NY

- Future Test Years
  - CA
  - KY
  - HI
  - NY
  - IA
  - PA
  - IL
  - TN
  - IN
  - VA

- Expense Mechanisms
  - CA
  - NY
  - IL
  - PA
  - MD
  - TN
  - MO
  - VA

- Infrastructure Replacement Surcharges
  - IA
  - NJ
  - WV
  - IL
  - NY
  - IN
  - PA
  - KY
  - TN
  - MO
  - VA

- Consolidated Tariffs
  - CA
  - MD
  - VA
  - IA
  - MO
  - WV
  - IL
  - NJ
  - IN
  - NY
  - KY
  - PA
Highly Fragmented Water Industry Creates Opportunity

Water Utilities

Electric Utilities

Natural Gas Utilities

Industry opportunity

American Water footprint

- Ideal for Industry consolidation opportunities
- Target 3K-30K customer connections per acquisition
- Wastewater focus (AWK customer connections mix 93% water & 7% wastewater)

Water
- 16% Investor owned
- 84% Public & other

Wastewater
- 2% Investor owned
- 98% Public & other

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

Ghgdta.epa.gov/ghgp/main.doll

Water Utilities Source: EPA SDWIS
Federal Reports Search
www3.epa.gov/enviro/facts/sdwis

- Ideal for Industry consolidation opportunities
- Target 3K-30K customer connections per acquisition
- Wastewater focus (AWK customer connections mix 93% water & 7% wastewater)
State Legislation Across our Footprint Enables Consolidation

- **Fair Market Value**: 10
  - CA, NJ, IA, MD, IN, IL, PA, MO, VA, WV

- **Consolidated Tariff**: 12
  - CA, MO, IA, NJ, IL, NY, IN, PA, KY, VA, MD, WV

- **Emerging: Water Quality Accountability Legislation**: 3
  - NJ, IN, MO
Regulated Acquisitions Update

### Under Agreement*

<table>
<thead>
<tr>
<th>State</th>
<th>CA</th>
<th>IA</th>
<th>IL</th>
<th>IN</th>
<th>MO</th>
<th>NJ</th>
<th>PA</th>
<th>TN</th>
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<td>1</td>
<td>7</td>
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<td>4</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

* As of 7/31/2020; does not reflect the announced pending sale of NYAW.

** This includes an IL acquisition, which represents 1,200 total customer connections, due to bulk contracts. Connections to the system will be approximately 100.

### Agreement Process

- Close & Customers Served at Existing Rates
- Regulatory Approval to Close
- Rate Case Process to Fully Reflect Acquisitions & Inclusion into Rate Base

### Opportunities grow to ≈800,000 Customer Connections

- American Water stands ready to provide solutions

### Closed as of July 31, 2020

<table>
<thead>
<tr>
<th>Location</th>
<th>Type</th>
<th>Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruitridge Vista, CA</td>
<td>Water</td>
<td>≈ 4,800</td>
</tr>
<tr>
<td>Hillview, CA</td>
<td>Water</td>
<td>≈ 1,500</td>
</tr>
<tr>
<td>Shiloh, IL</td>
<td>Wastewater</td>
<td>≈ 1,500</td>
</tr>
</tbody>
</table>

### As Communities face increasing challenges

- ≈ 43,600** Customer Connections
- 28 Acquisitions

- CA: 4
- IA: 1
- IL: 7
- IN: 2
- MO: 4
- NJ: 1
- PA: 7
- TN: 1
- WV: 1

- ≈ 10,800 Customer Connections
- 13 acquisitions in 6 states

- ≈ 800,000 Customer Connections
- Opportunities grow to
Market-Based Businesses provide Strategic Value

*Portfolio optimization leads to 2 capital light, cash flow positive business lines*

**HOS**
- 1.5 million customers with 3 million protection plan contracts
- Over 40 different partnerships with municipal water, gas and electric utilities

**MSG**
- 16 bases in current footprint
- Opportunity for infrastructure upgrades on existing bases

- Capital light
- Cash flow positive
- Builds relationships
- Positive branding
- Enhances customer satisfaction
- Leverages core competencies
Continued Strong Balance Sheet

- **S&P Utility Credit Rating** *(stable outlook)*
  - BB (+/-): 2
  - BBB (+/-): 13
  - A-: 11
  - A: 2

- **Moody’s Utility Credit Rating** *(stable outlook)*
  - Ba1: 2
  - Baa3: 3
  - Baa2: 13
  - Baa1: 9
  - A3: 1

- **Debt to Total Capital**
  - 6/30/2020: 63%
  - 5-year Plan 2024: 59-60%

- **Consolidated debt maturity profile 5 years as of December 31, 2019**
  - $ in millions:
    - 2020: $28
    - 2021: $310
    - 2022: $14
    - 2023: $159
    - 2024: $473

- *Includes both long term and short-term debt.*
Delivering Value

AWK Shareholder Value
Adjusted Consolidated Return on Equity*

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

* Adjusted Return on Equity is a non-GAAP Measure. Please see appendix for reconciliation and further information.
** Future dividends are subject to approval of the American Water Board of Directors.
ESG Focus
Our ESG Philosophy

Companies Do Well by Doing Good

Values matter

- Water is the most precious resource for life
- The “how” is just as important as the “what” for long-term financial sustainability

How we implement ESG principles

- Keeping employees safe and injury-free, and developing each person to his or her fullest potential
- Being a leader in environmental sustainability, caring for the planet, and leading the nation in outstanding water safety and quality
- Delivering the best, most personalized customer service with empathy and care
- Making communities better because we’re there; and being transparent, accessible and well-governed for our shareholders
“E”: Environment

**Energy Use**

- **GHG emissions**: Goal of reducing 40% by 2025 from 2007 baseline, after achieving approximately 31% reduction through 2018
- **Design for efficiency**: enhanced pump, lighting and process design standards
- **Construct for efficiency**: sustainable construction standards and methods
- **Operate for efficiency**: enhanced best operating practices, leak detection and repair procedures
- **Maintain for efficiency**: computerized maintenance management systems and preventive maintenance systems

**Water Use**

- **San Clemente dam**: Deconstruction to restore “run of river”
- **Monterey Peninsula Water Supply Project**: Recycling, reuse and desalination using marine life friendly slant wells
- **Customer conservation**: residential customers have saved about 1,100 gallons per customer per year—or 3.3 billion gallons annually, about 12.5 million cubic meters—through conservation and efficiency measures

**Water Policy Leadership**

- **Capital investment**: Expect 10-year $20.0 billion to $22.0 billion total capital investment to address aging infrastructure, reduce/eliminate leaks, improve cyber/physical security, and increase resiliency of critical assets due to climate variability
- **Research & Development**: scientists dedicated to research and partnering with water research foundations, on water quality and technology-water source monitoring
- **Collaboration**: EPA, CDC, state DEPs and other agencies to support effective environmental, health and safety, and water quality standards and regulations
“S”: Social Responsibility

**Our People**
- **Training**: During 2019, nearly 96,000 hours of annual employee safety training
- **Employee engagement**: Frequent surveys with formalized employee action teams
- **Frontline employees**: driving technology development
- **Diverse job candidate pools**: During 2019, 86% of job requisitions had a diverse candidate pool, with more than 57% of transfers/promotions filled by minority, female, veteran or disabled individuals
- **Culture**: Diverse, inclusive culture characterized by respect and dignity of every employee

**Our Customers**
- **Customer data protection**: we do not share or sell personal customer data
- **Technology development**: ensuring a personalized positive experience
- **Customer satisfaction**: Top Quartile in the water industry
- **Online communities as of 9/2020**:
  - 12,861,478 views
  - 107,446 fans
  - 32,973 followers
  - 23,611 followers

**Our Communities**
- **Community service**: More than 5,000 hours in 2019 for company-sponsored events
- **Charity support**: Sponsored national workplace giving campaigns with the United Way and Water For People, as well as supporting our employees’ own charitable endeavors through the American Water Charitable Foundation
- **American Water Charitable Foundation**:
  - Union sportsmen’s alliance projects
  - Parks partnerships projects
  - Employee match program
  - Keep Communities Flowing

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Our People

Our Customers

Our Communities
### “G”: Governance

#### Board & Committee Structure

- **Ensuring independence**: board is led by an independent, non-executive chair
- **Safety, Environmental, Technology, Operations (SETO) Board Committee**
- **Engaging board sufficiently**: board met 12 times in 2019
- **Board engages directly with frontline employees**: Off-site board meetings twice a year, external stakeholder receptions, dinners and meetings with “high potential” leaders periodically
- **Engaging investors**: robust program for management and board engagement

#### Diverse

- **Achieving gender parity**: One of 10 S&P 500 companies with at least 50% female Board members in 2019
- **45.5% female board members as of April 2020**
- **Average director tenure was approximately 5.5 years as of April 1, 2020**

#### Demonstrated & Representative Expertise

- **Utility experience and expertise**
- **Internationally recognized cyber security expert**
- **Financial expertise**
- **Retired CEO experience**
- **Operational and manufacturing experience and expertise**
- **Global experience**
Doing Well by Doing Good

**Notable ESG related indexes**

- Bloomberg Gender-Equality Index
- FTSE4Good
- MSCI ESG Leaders Indexes
- Euronext Vigeo

**Awards and Recognitions**

- American Water ranked #22 on Barron’s 100 Most Sustainable Companies
- American Water ranked #16 on Corporate Knights’ Global 100 Most Sustainable Corporations
- American Water Earnings Top Score on Disability Equality Index and listed among “Best Places to Work for Disability Inclusion”
- S&P Global Ratings ESG Evaluation (87 out of 100), the highest evaluation score given by S&P in the U.S. and the 2nd highest globally
- American Water ranked #16 on Corporate Knights’ Global 100 Most Sustainable Corporations
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Appendix
Forward-Looking Statements

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

These and other forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors and cautionary statements included in the Company’s annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties, risk factors and statements in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this presentation was first used or given. The Company does not have and does not undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.
COVID-19 Financial Impact Details Through June 30, 2020

($0.05) Net EPS COVID-19 Impact

Base Revenue

- Residential
- Commercial
- Industrial/Other
- Waived Disconnection and Late Fees
- O&M/Other
- HOS/Parent
- Regulatory Treatment/Recovery

($0.05) Net EPS COVID-19 Impact
COVID-19 Regulatory and Financial Summary

Regulatory as of August 6, 2020

10 States with Approval to Defer Costs
- California
- Hawaii
- Illinois
- Indiana
- Iowa
- Maryland
- New Jersey
- Pennsylvania
- Virginia
- West Virginia

4 States with Pending Proceedings
- New York
- Missouri
- Kentucky
- Tennessee

Segment

Regulated:
- Base Revenue - lower Commercial & Industrial, while Residential demand has increased
- Incremental costs, including uncollectible expense and foregone fees deferred for recovery based on state orders

Market-Based:
- Military Services Group continues to execute
- Homeowner Services experiencing some delays in new partner relationships and product launches

Other

- No change to 2020 capital plan expected; increase driven by demand/opportunity
- No major disruptions to supply chain

Strong Liquidity Position ($ in millions)

<table>
<thead>
<tr>
<th>6/30/2020</th>
<th>Cash Balance</th>
<th>Revolver Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,754</td>
<td>$569</td>
<td></td>
</tr>
<tr>
<td>$2,323</td>
<td>$1,754</td>
<td></td>
</tr>
</tbody>
</table>
Military Services Group – “Regulated like”

<table>
<thead>
<tr>
<th>Contract</th>
<th>State</th>
<th>Contract Years Remaining As of 6/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Sill</td>
<td>OK</td>
<td>33</td>
</tr>
<tr>
<td>Fort Leavenworth</td>
<td>KS</td>
<td>34</td>
</tr>
<tr>
<td>Fort Rucker</td>
<td>AL</td>
<td>34</td>
</tr>
<tr>
<td>Fort AP Hill</td>
<td>VA</td>
<td>37</td>
</tr>
<tr>
<td>Scott AFB</td>
<td>IL</td>
<td>38</td>
</tr>
<tr>
<td>Fort Hood</td>
<td>TX</td>
<td>39</td>
</tr>
<tr>
<td>Fort Polk</td>
<td>LA</td>
<td>39</td>
</tr>
<tr>
<td>Fort Belvoir</td>
<td>VA</td>
<td>40</td>
</tr>
<tr>
<td>Fort Meade</td>
<td>MD</td>
<td>40</td>
</tr>
<tr>
<td>Hill AFB</td>
<td>UT</td>
<td>44</td>
</tr>
<tr>
<td>Picatinny Arsenal</td>
<td>NJ</td>
<td>44</td>
</tr>
<tr>
<td>Vandenberg AFB</td>
<td>CA</td>
<td>46</td>
</tr>
<tr>
<td>Wright-Patterson AFB</td>
<td>OH</td>
<td>48</td>
</tr>
<tr>
<td>Fort Leonard Wood</td>
<td>MO</td>
<td>49</td>
</tr>
<tr>
<td>Joint Base San Antonio</td>
<td>TX</td>
<td>50</td>
</tr>
<tr>
<td>U.S. Military Academy at West Point, New York</td>
<td>NY</td>
<td>50</td>
</tr>
</tbody>
</table>
# 2020 Closed Acquisitions*

## As of July 31, 2020

<table>
<thead>
<tr>
<th>STATE</th>
<th>NUMBER OF SYSTEMS</th>
<th>WATER CUSTOMER CONNECTIONS</th>
<th>WASTEWATER CUSTOMER CONNECTIONS</th>
<th>TOTAL CUSTOMER CONNECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>2</td>
<td>6,300</td>
<td>-</td>
<td>6,300</td>
</tr>
<tr>
<td>Hawaii</td>
<td>1</td>
<td>-</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Iowa</td>
<td>1</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Illinois</td>
<td>7</td>
<td>1,100</td>
<td>2,400</td>
<td>3,500</td>
</tr>
<tr>
<td>Indiana</td>
<td>1</td>
<td>-</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1</td>
<td>300</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>7,800</strong></td>
<td><strong>3,000</strong></td>
<td><strong>10,800</strong></td>
</tr>
</tbody>
</table>

* Customer Connections are rounded and may not sum
## Acquisitions* Under Agreement as of July 31, 2020

*Customer Connections are rounded and may not sum. Does not reflect the announced pending sale of NYAW.

** This includes an IL acquisition, which represents 1,200 total customer connections, due to bulk contracts. Connections to the system will be approximately 100.

<table>
<thead>
<tr>
<th>STATE</th>
<th>NUMBER OF SYSTEMS</th>
<th>WATER CUSTOMER CONNECTIONS</th>
<th>WASTEWATER CUSTOMER CONNECTIONS</th>
<th>TOTAL CUSTOMER CONNECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>4</td>
<td>6,300</td>
<td>-</td>
<td>6,300</td>
</tr>
<tr>
<td>Iowa</td>
<td>1</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Illinois**</td>
<td>7</td>
<td>6,000</td>
<td>16,800</td>
<td>22,800</td>
</tr>
<tr>
<td>Indiana</td>
<td>2</td>
<td>100</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Missouri</td>
<td>4</td>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1</td>
<td>-</td>
<td>2,800</td>
<td>2,800</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>7</td>
<td>1,700</td>
<td>8,200</td>
<td>9,900</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1</td>
<td>400</td>
<td>-</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>14,700</strong></td>
<td><strong>28,900</strong></td>
<td><strong>43,600</strong></td>
</tr>
</tbody>
</table>
Prudent Investment Drives Need for Rate Cases

Establish Rate Base \times Weighted Average Cost of Capital = Allowed Return

Allowed Return + Operating Expenses + Taxes, Depr & Amortization = Revenue Requirement

Saving $1 in OpEx vs investing $8 in capital at allowed ROE, Keeps customer rates neutral and accelerates needed investment
How O&M Efficiency Translates to Investment Growth

Saving $1 in OpEx vs investing $8 in capital at allowed ROE, Keeps customer rates neutral and can create $0.39 in sustainable earnings

<table>
<thead>
<tr>
<th>$1 Expense Savings</th>
<th>=$8 Invested Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Revenue Requirement</td>
<td>$1.00</td>
</tr>
<tr>
<td>Expense</td>
<td></td>
</tr>
<tr>
<td>O&amp;M</td>
<td>0.96</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-</td>
</tr>
<tr>
<td>Property &amp; General Taxes</td>
<td>0.04</td>
</tr>
<tr>
<td>b) Total Expenses</td>
<td>$1.00 ¹</td>
</tr>
<tr>
<td>c) Operating Income (=a-b)</td>
<td>-</td>
</tr>
<tr>
<td>d) Federal &amp; State Income Taxes</td>
<td>-</td>
</tr>
<tr>
<td>e) Net Income to Shareholder (=c-d)</td>
<td>-</td>
</tr>
</tbody>
</table>

¹ Assumes 4% taxes on revenue (gross receipts e.g.)
² Assumes 2.5% depreciation expense
³ Assumes debt financing at 4.9%
⁴ Assumes property taxes on invested capital of 0.5% and revenue taxes of 4%
⁵ Assumes effective income tax rate of 26.1%, based on federal tax rate of 21%
⁶ Assumes authorized weighted average ROE of 9.8%
Rate Base Calculation*
($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated Rate Base*</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2016</td>
<td>$10.7</td>
</tr>
<tr>
<td>12/31/2017</td>
<td>$11.7</td>
</tr>
<tr>
<td>12/31/2018</td>
<td>$12.5</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>$13.7</td>
</tr>
<tr>
<td>6/30/2020</td>
<td>$14.4</td>
</tr>
</tbody>
</table>

As of 6/30/2020

- Net Utility Plant: $19.3
- Less:
  - Advances for Construction: $0.3
  - CIAC - Contributions in Aid of Construction: $1.4
  - Net Deferred income taxes: $3.3
- Total Estimated Rate Base: $14.4

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

**Anchored off of 2018 rate base

≈7-8%** | Expected Rate base CAGR through 2024

**Approximately 7-8%**
## Reconciliation Table: Rate Base

### Estimated Rate Base

<table>
<thead>
<tr>
<th>($ in billions)</th>
<th>As of 12/31/2016</th>
<th>As of 12/31/2017</th>
<th>As of 12/31/2018</th>
<th>As of 12/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Utility Plant</td>
<td>$14.8</td>
<td>$16.0</td>
<td>$17.1</td>
<td>$18.6</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances for Construction</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.2</td>
</tr>
<tr>
<td>CIAC – Contributions in Aid of Construction</td>
<td>$1.2</td>
<td>$1.3</td>
<td>$1.3</td>
<td>$1.4</td>
</tr>
<tr>
<td>Net Deferred income taxes</td>
<td>$2.6</td>
<td>$2.8</td>
<td>$3.0</td>
<td>$3.2</td>
</tr>
<tr>
<td>Sub Total</td>
<td>$4.1</td>
<td>$4.3</td>
<td>$4.6</td>
<td>$4.8</td>
</tr>
<tr>
<td>Rate Base</td>
<td>TOTAL</td>
<td>$10.7</td>
<td>$11.7</td>
<td>$12.5</td>
</tr>
</tbody>
</table>

(1) An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes.
Rates Effective Since...

### January 1, 2020

<table>
<thead>
<tr>
<th>Rate Cases &amp; Step Increases</th>
<th>Date Effective</th>
<th>Annualized Revenue Increases Effective in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>California (Step Increase)</td>
<td>1/1/2020</td>
<td>$5</td>
</tr>
<tr>
<td>Indiana (Step Increase)</td>
<td>5/1/2020</td>
<td>13 (a)</td>
</tr>
</tbody>
</table>

**Total**: $18

### Infrastructure Charges

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

**Total**: $62

---

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

<table>
<thead>
<tr>
<th>Rate Cases Filed Company</th>
<th>Docket/Case Number</th>
<th>Date Filed</th>
<th>Requested Revenue Increase</th>
<th>ROE Requested</th>
<th>Rate Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>Case No. PUR-2018-00175</td>
<td>11/2/2018</td>
<td>$5(^{(a)})</td>
<td>10.8%</td>
<td>$196</td>
</tr>
<tr>
<td>California</td>
<td>Case No. A. 19-07-004</td>
<td>7/1/2019</td>
<td>26(^{(b)})</td>
<td>689</td>
<td></td>
</tr>
<tr>
<td>New Jersey</td>
<td>Case No. WR-19121516</td>
<td>12/16/2019</td>
<td>88(^{(c)})</td>
<td>10.5%</td>
<td>3,639</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Docket R-2020-3019369 (W) &amp; R-2020-3019371 (WW)</td>
<td>4/29/2020</td>
<td>92(^{(d)})</td>
<td>10.8%</td>
<td>3,975</td>
</tr>
<tr>
<td>Missouri</td>
<td>Case No. WR-2020-0344</td>
<td>6/30/2020</td>
<td>78(^{(e)})</td>
<td>10.5%</td>
<td>1,823</td>
</tr>
<tr>
<td>Iowa</td>
<td>Case No. RPU-2020-0001</td>
<td>8/28/2020</td>
<td>3(^{(f)})</td>
<td>10.5%</td>
<td>145</td>
</tr>
</tbody>
</table>

**Infrastructure Charges Filed**

<table>
<thead>
<tr>
<th>Company</th>
<th>Docket/Case Number</th>
<th>Date Filed</th>
<th>Requested Revenue Increase</th>
<th>Rate Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York (SIC)</td>
<td></td>
<td>5/29/2020</td>
<td>$1</td>
<td>$7</td>
</tr>
<tr>
<td>West Virginia (DSIC)</td>
<td></td>
<td>6/29/2020</td>
<td>4</td>
<td>51</td>
</tr>
<tr>
<td>Missouri (ISRS)</td>
<td></td>
<td>8/28/2020</td>
<td>2</td>
<td>25</td>
</tr>
</tbody>
</table>

**Total Awaiting Final Order:**

- $299

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

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

\(^{(c)}\) The requested increase is $87.8 million, which excludes $34.7 million from the DSIC.

\(^{(d)}\) On April 29, the company filed for a multiyear rate case. Rate year 1 requested $92.4 million with rate base of $3.98 billion and Rate Year 2 requested $46.2 million with rate base of $4.29 billion.

\(^{(e)}\) The requested increase is $78.1 million, which excludes $29.4 million from the ISRS.

\(^{(f)}\) The requested increase is $2.9 million, which excludes $1 million from the QIP.
## Regulatory Information

<table>
<thead>
<tr>
<th>State</th>
<th>Authorized Rate Base*</th>
<th>Authorized ROE</th>
<th>Authorized Equity</th>
<th>Effective Date of Rate Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CALIFORNIA</strong></td>
<td>$498,135</td>
<td>9.20%</td>
<td>55.39%</td>
<td>1/1/2018</td>
</tr>
<tr>
<td><strong>ILLINOIS</strong></td>
<td>$883,386</td>
<td>9.79%</td>
<td>49.80%</td>
<td>1/1/2018</td>
</tr>
<tr>
<td><strong>INDIANA</strong></td>
<td>$1,182,170</td>
<td>9.80%</td>
<td>53.41%</td>
<td>5/1/2020</td>
</tr>
<tr>
<td><strong>KENTUCKY</strong></td>
<td>$443,654</td>
<td>9.70%</td>
<td>48.90%</td>
<td>6/28/2019</td>
</tr>
<tr>
<td><strong>MISSOURI</strong></td>
<td>$1,249,293</td>
<td>10.00%</td>
<td>52.80%</td>
<td>5/28/2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Authorized Rate Base*</th>
<th>Authorized ROE</th>
<th>Authorized Equity</th>
<th>Effective Date of Rate Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW JERSEY</strong></td>
<td>$2,950,471</td>
<td>9.60%</td>
<td>54.00%</td>
<td>10/29/2018</td>
</tr>
<tr>
<td><strong>NEW YORK</strong></td>
<td>$275,463</td>
<td>9.10%</td>
<td>46.00%</td>
<td>6/1/2017</td>
</tr>
<tr>
<td><strong>PENNSYLVANIA</strong></td>
<td>$3,162,597</td>
<td>10.00%</td>
<td>53.75%</td>
<td>1/1/2018</td>
</tr>
<tr>
<td><strong>VIRGINIA</strong></td>
<td>$155,747</td>
<td>9.25%</td>
<td>48.40%</td>
<td>5/24/2017</td>
</tr>
<tr>
<td><strong>WEST VIRGINIA</strong></td>
<td>$652,900</td>
<td>9.75%</td>
<td></td>
<td>2/25/2019</td>
</tr>
</tbody>
</table>

*Rate Base stated in $000s

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

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

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

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

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

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

(g) Interim rates were effective June 15, 2018 and final rates effective October 29, 2018.

(h) The Rate Base and equity ratio listed is the Company's view of what was allowed in the case, as there were multiple versions of each disclosed by the parties in the settlement agreement.
## Reconciliation Table: Regulated Segment O&M Efficiency Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operations and maintenance expense</td>
<td>$1,291</td>
<td>$1,330</td>
<td>$1,350</td>
<td>$1,504</td>
<td>$1,479</td>
<td>$1,520</td>
<td>$1,581</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and maintenance expense – Market-Based Operations</td>
<td>257</td>
<td>256</td>
<td>289</td>
<td>372</td>
<td>362</td>
<td>387</td>
<td>384</td>
</tr>
<tr>
<td>Operations and maintenance expense – Other</td>
<td>(61)</td>
<td>(56)</td>
<td>(51)</td>
<td>(44)</td>
<td>(42)</td>
<td>(48)</td>
<td>(17)</td>
</tr>
<tr>
<td>Total operations and maintenance expense – Regulated Businesses</td>
<td>$1,095</td>
<td>$1,130</td>
<td>$1,112</td>
<td>$1,176</td>
<td>$1,159</td>
<td>$1,181</td>
<td>$1,214</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulated purchased water expense</td>
<td>100</td>
<td>110</td>
<td>122</td>
<td>122</td>
<td>133</td>
<td>132</td>
<td>142</td>
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<tr>
<td>Allocation of non-operation and maintenance expenses</td>
<td>29</td>
<td>35</td>
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<tr>
<td>Impact of Freedom Industries activities</td>
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<td>10</td>
<td>65</td>
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<tr>
<td>Estimated impact of weather</td>
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<td>5</td>
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<tr>
<td>Adjusted operations and maintenance expense – Regulated Businesses</td>
<td>$966</td>
<td>$980</td>
<td>$943</td>
<td>$959</td>
<td>$1,015</td>
<td>$1,016</td>
<td>$1,042</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$2,555</td>
<td>$2,854</td>
<td>$3,011</td>
<td>$3,302</td>
<td>$3,440</td>
<td>$3,521</td>
<td>$3,690</td>
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<tr>
<td>Less:</td>
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<tr>
<td>Operating Revenues – Market-Based Operations</td>
<td>295</td>
<td>307</td>
<td>355</td>
<td>451</td>
<td>476</td>
<td>528</td>
<td>533</td>
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<tr>
<td>Operating Revenues – Other</td>
<td>(26)</td>
<td>(17)</td>
<td>(16)</td>
<td>(20)</td>
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<tr>
<td>Total pro forma operating revenues – Regulated Businesses</td>
<td>$2,286</td>
<td>$2,564</td>
<td>$2,674</td>
<td>$2,871</td>
<td>$2,984</td>
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<tr>
<td>Regulated Purchased Water expense*</td>
<td>100</td>
<td>110</td>
<td>122</td>
<td>122</td>
<td>133</td>
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<td>142</td>
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<td>Plus:</td>
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<tr>
<td>Freedom Industries chemical spill in West Virginia</td>
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<td>1</td>
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<tr>
<td>Estimated impact of weather</td>
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<td>(47)</td>
<td>17</td>
<td>-</td>
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<tr>
<td>Adjusted pro forma operating revenues—Regulated Businesses (a)</td>
<td>$2,186</td>
<td>$2,407</td>
<td>$2,570</td>
<td>$2,749</td>
<td>$2,851</td>
<td>$2,883</td>
<td>$3,035</td>
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<tr>
<td>Adjusted O&amp;M efficiency ratio—Regulated Businesses (a)/(b)</td>
<td>44.2%</td>
<td>40.7%</td>
<td>36.7%</td>
<td>34.9%</td>
<td>35.6%</td>
<td>35.2%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Adjusted operations and maintenance expense – Regulated Businesses</td>
<td>$966</td>
<td>$980</td>
<td>$943</td>
<td>$959</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
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<tr>
<td>Impact of adoption of ASU 2017-07**</td>
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<td>39</td>
<td>(8)</td>
<td>12</td>
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<tr>
<td>Adjusted operations and maintenance expense – Regulated Businesses (c)</td>
<td>$966</td>
<td>$941</td>
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<td>$947</td>
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<tr>
<td>Adjusted operating revenues—Regulated Businesses (c)</td>
<td>$2,186</td>
<td>$2,407</td>
<td>$2,570</td>
<td>$2,749</td>
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<tr>
<td>Less pro forma adjustment</td>
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<tr>
<td>Pro forma adjustment for impact of the TCJA**</td>
<td>89</td>
<td>112</td>
<td>137</td>
<td>161</td>
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<tr>
<td>Adjusted pro forma operating revenues—Regulated Businesses (d)</td>
<td>$2,097</td>
<td>$2,294</td>
<td>$2,433</td>
<td>$2,586</td>
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<tr>
<td>Adjusted O&amp;M efficiency ratio—Regulated Businesses (c)/(d)</td>
<td>45.1%</td>
<td>41.0%</td>
<td>39.1%</td>
<td>36.6%</td>
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</tr>
</tbody>
</table>

* Calculation assumes purchased water revenues approximate purchased water expenses
*** Calculation of Estimated tax reform = Revenue Requirement with new Effective Tax Rate (taxes grossed up) – Revenue Requirement with old Effective Tax Rate
## Reconciliation Table: Adjusted Return on Equity

<table>
<thead>
<tr>
<th></th>
<th>LTM June 30, 2019</th>
<th>LTM June 30, 2020</th>
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</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$582</td>
<td>$638</td>
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<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keystone Sale</td>
<td>-</td>
<td>44</td>
</tr>
<tr>
<td>Keystone Impairment</td>
<td>54</td>
<td>-</td>
</tr>
<tr>
<td>Contract Services Gain on Sale</td>
<td>(14)</td>
<td>-</td>
</tr>
<tr>
<td>Tax Impact for items above</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Re-measurement from Tax Reform</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Net Income from Continuing Operations (a)</strong></td>
<td>$623</td>
<td>$673</td>
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<tr>
<td><strong>Shareholders' equity</strong></td>
<td>$6,027</td>
<td>$6,243</td>
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<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keystone Sale</td>
<td>-</td>
<td>44</td>
</tr>
<tr>
<td>Keystone Impairment</td>
<td>54</td>
<td>-</td>
</tr>
<tr>
<td>Contract Services Gain on Sale</td>
<td>(14)</td>
<td>-</td>
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<tr>
<td>Tax Impact for items above</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Re-measurement from Tax Reform</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Shareholders' Equity (b)</strong></td>
<td>$6,068</td>
<td>$6,278</td>
</tr>
<tr>
<td><strong>Adjusted Return on Equity (a/b)</strong></td>
<td>10.3%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>