

# AMERICAN WATER WORKS COMPANY, INC.

## **FORM 8-K** (Current report filing)

Filed 10/28/20 for the Period Ending 10/28/20

Address	1 WATER STREET CAMDEN, NJ, 08102-1658
Telephone	856-955-4001
CIK	0001410636
Symbol	AWK
SIC Code	4941 - Water Supply
Industry	Water Utilities
Sector	Utilities
Fiscal Year	12/31

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

**Form 8-K**

**Current Report  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 28, 2020**

**American Water Works Company, Inc.**  
(Exact name of registrant as specified in its charter)

**Commission File Number: 001-34028**

**Delaware**  
(State or other jurisdiction  
of incorporation)

**51-0063696**  
(IRS Employer  
Identification No.)

**1 Water Street  
Camden, NJ 08102-1658**  
(Address of principal executive offices, including zip code)  
**(856) 955-4001**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

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

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
<b>Common stock, par value \$0.01 per share</b>	<b>AWK</b>	<b>New York Stock Exchange</b>

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**Item 8.01. Other Events.**

**New Jersey Board of Public Utilities (the “NJBPU”) Approval of Stipulation and Settlements for New Jersey-American Water Company, Inc. General Rate Case and Tax Cuts and Jobs Act Petition**

On October 28, 2020, the NJBPU issued an order approving a stipulation and settlement (the “General Rate Case Settlement”) of a general rate case filed on December 16, 2019 by New Jersey-American Water Company, Inc. (“NJAWC”), a wholly owned subsidiary of American Water Works Company, Inc. The General Rate Case Settlement was entered among NJAWC, the staff of the NJBPU and the New Jersey Division of Rate Counsel (“Rate Counsel”). The order with respect to the General Rate Case Settlement approves a \$39 million annual increase in water and wastewater revenues, effective as of November 1, 2020, based on an authorized return on equity (“ROE”) of 9.6%, authorized rate base of \$3.57 billion, a common equity ratio of 54.6% and a long-term debt ratio of 45.4%, compared to an authorized ROE of 9.6%, authorized rate base of \$2.95 billion, common equity ratio of 54% and long-term debt ratio of 46%, as approved in NJAWC’s last general rate case in 2018.

Separately, on October 28, 2020, the NJBPU approved a stipulation and settlement (the “TCJA Settlement”) that is intended to resolve the treatment of the remaining impacts of the Tax Cuts and Jobs Act (the “TCJA”) on the rates and books of NJAWC. The TCJA Settlement was entered into among NJAWC, the staff of the NJBPU and Rate Counsel. The TCJA Settlement identifies NJAWC’s excess accumulated deferred income taxes (“EADIT”) resulting from the TCJA’s reduction in the federal corporate income tax rate from 35% to 21%, and provides for the amortization and return to NJAWC customers of its unprotected EADIT balance of \$132.6 million over a period of 15 years. NJAWC’s protected EADIT balance of \$187.9 million will be amortized and returned to NJAWC customers pursuant to the average rate assumption method over the remaining life of the underlying assets. The TCJA Settlement also requires NJAWC to return to customers an aggregate of \$52.9 million of EADIT through (i) base rates approved in the General Rate Case Settlement and (ii) \$32.5 million in customer bill credits over a ten-month period beginning November 1, 2020.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibit has been filed herewith:

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	<a href="#">Press Release, dated October 28, 2020, issued by NJAWC.</a>



# Press Release



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## **New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities**

*Increase Driven by Over \$1 Billion in System Investments; Offset by Tax Credit to Customers*

**CAMDEN, N.J. (October 28, 2020)** – The New Jersey Board of Public Utilities (BPU) today approved changes to New Jersey American Water’s base water and wastewater rates. The BPU also approved a credit resulting in the pass-back to customers over the next 10 months of \$32.5 million in excess accumulated deferred income taxes associated with the Tax Cuts and Jobs Act. For the average residential customer, the base rate increase of \$39 million annually will be offset by the credit through August 31, 2021.

The company’s rate request was filed on December 16, 2019 and was driven by more than \$1 billion in infrastructure investment in treatment system and distribution upgrades since the last rate case.

With the approved rate increase, the monthly bill for an average water customer using 5,400 gallons will increase approximately \$2.56, and the monthly bill for an average wastewater customer will increase approximately \$2.52. However, due to the approved credit, the average residential customer using 5,400 gallons of water per month will see little to no change in their bills through August 31, 2021.

“We are proud of the level of investment we are able to make into our systems to continue to provide high-quality service, while keeping efficiencies up and costs down to balance the impact to customers,” said Cheryl Norton, President, New Jersey American Water. “The combination of good capital planning and sound business management on our part helps keep water and wastewater service both reliable and affordable for the 2.8 million people who count on us.”

Customers will receive information about the new rates, as well as the credit they will receive, in their next New Jersey American Water bill. This information will also be available on the company’s website at [www.newjerseyamwater.com](http://www.newjerseyamwater.com) under Customer Service & Billing, Your Water and Wastewater Rates, or by calling 800-272-1325, Monday through Friday, 7 a.m. to 7 p.m.

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# Press Release



New Jersey American Water also wants to remind customers about the bill paying assistance programs available, as customers may now be facing circumstances that are stretching their financial resources. Customers who are having difficulty paying their water and/or wastewater bills are encouraged to arrange for payment arrangements or budget billing by calling the company's Customer Service Center at 800-272-1325. Customers who meet low income requirements may also apply for assistance through the company's H2O Help to Others program, administered by [New Jersey Shares](#). More information can be found [www.newjerseyamwater.com](http://www.newjerseyamwater.com) under Customer Service & Billing, [Bill Paying Assistance](#).

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## **About New Jersey American Water**

New Jersey American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.8 million people. For more information, visit [www.newjerseyamwater.com](http://www.newjerseyamwater.com) and follow New Jersey American Water on [Twitter](#) and [Facebook](#).

## **About 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 more than 15 million people in 46 states. American Water provides safe, clean, affordable and reliable water services to our customers to make sure we keep their lives flowing. For more information, visit [amwater.com](http://amwater.com) and follow American Water on [Twitter](#), [Facebook](#) and [LinkedIn](#).

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