

American Water Works Company, Inc.

Form 10-Q

August 06, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file: number 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	51-0063696 (I.R.S. Employer Identification No.)
1025 Laurel Oak Road, Voorhees, NJ (Address of principal executive offices)	08043 (Zip Code)
(856) 346-8200 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 5, 2009
Common Stock, \$0.01 par value per share	174,562,309 shares

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REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2009

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****American Water Works Company, Inc. and Subsidiary Companies****Consolidated Balance Sheets (Unaudited)**

(In thousands, except per share data)

	June 30, 2009	December 31, 2008
ASSETS		
Property, plant and equipment		
Utility plant at original cost, net of accumulated depreciation of \$3,057,127 at June 30 and \$2,969,869 at December 31	\$ 10,255,426	\$ 9,991,783
Nonutility property, net of accumulated depreciation of \$101,542 at June 30 and \$101,287 at December 31	140,266	132,145
Total property, plant and equipment	10,395,692	10,123,928
Current assets		
Cash and cash equivalents	9,012	9,542
Restricted funds	33,007	454
Utility customer accounts receivable	161,712	149,198
Allowance for uncollectible accounts	(19,946)	(18,644)
Unbilled utility revenues	152,105	134,204
Non-Regulated trade and other receivables, net	63,823	68,877
Materials and supplies	32,869	28,948
State income taxes receivable	4,775	
Other	58,348	45,096
Total current assets	495,705	417,675
Regulatory and other long-term assets		
Regulatory assets	945,572	919,654
Restricted funds	46,416	10,599
Goodwill	1,250,067	1,699,517
Other	56,597	60,445
Total regulatory and other long-term assets	2,298,652	2,690,215
TOTAL ASSETS	\$ 13,190,049	\$ 13,231,818

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**American Water Works Company, Inc. and Subsidiary Companies****Consolidated Balance Sheets (Unaudited)**

(In thousands, except per share data)

	June 30, 2009	December 31, 2008
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common stock (\$.01 par value, 500,000 shares authorized, 174,562 and 160,000 shares outstanding at June 30 and December 31, respectively)	\$ 1,746	\$ 1,600
Paid-in-capital	6,135,650	5,888,253
Accumulated deficit	(2,130,833)	(1,705,594)
Accumulated other comprehensive loss	(78,357)	(82,251)
Treasury stock		(7)
Common stockholders' equity	3,928,206	4,102,001
Preferred stock without mandatory redemption requirements	4,557	4,557
Total stockholders' equity	3,932,763	4,106,558
Long-term debt		
Long-term debt	4,981,912	4,624,063
Redeemable preferred stock at redemption value	24,154	24,150
Total capitalization	8,938,829	8,754,771
Current liabilities		
Short-term debt	268,751	479,010
Current portion of long-term debt	97,357	175,822
Accounts payable	123,116	149,795
Taxes accrued, including income taxes of \$0 at June 30 and \$6,061 at December 31	60,371	52,488
Interest accrued	56,152	53,629
Other	187,040	194,016
Total current liabilities	792,787	1,104,760
Regulatory and other long-term liabilities		
Advances for construction	620,040	622,227
Deferred income taxes	757,967	705,587
Deferred investment tax credits	33,220	34,023
Regulatory liabilities	318,575	307,324
Accrued pension expense	500,342	502,062
Accrued postretirement benefit expense	237,268	241,193
Other	48,398	48,456
Total regulatory and other long-term liabilities	2,515,810	2,460,872
Contributions in aid of construction	942,623	911,415
Commitments and contingencies (See Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 13,190,049	\$ 13,231,818

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The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**American Water Works Company, Inc. and Subsidiary Companies****Consolidated Statements of Operations (Unaudited)**

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Operating revenues	\$ 612,740	\$ 589,369	\$ 1,162,910	\$ 1,096,184
Operating expenses				
Operation and maintenance	330,597	330,576	644,999	641,837
Depreciation and amortization	73,242	67,307	142,085	131,223
General taxes	51,699	49,628	104,196	101,694
(Gain) loss on sale of assets	10	(800)	(192)	(870)
Impairment charge			450,000	750,000
Total operating expenses, net	455,548	446,711	1,341,088	1,623,884
Operating income (loss)	157,192	142,658	(178,178)	(527,700)
Other income (deductions)				
Interest, net	(73,688)	(70,066)	(145,667)	(140,034)
Allowance for other funds used during construction	3,575	3,387	6,918	5,928
Allowance for borrowed funds used during construction	1,991	1,725	3,863	3,093
Amortization of debt expense	(1,535)	(1,441)	(3,023)	(2,759)
Other, net	(1,409)	(599)	(295)	550
Total other income (deductions)	(71,066)	(66,994)	(138,204)	(133,222)
Income (loss) before income taxes	86,126	75,664	(316,382)	(660,922)
Provision for income taxes	34,137	30,166	44,708	26,064
Net income (loss)	\$ 51,989	\$ 45,498	\$ (361,090)	\$ (686,986)
Net income (loss) per common share:				
Basic	\$ 0.32	\$ 0.28	\$ (2.23)	\$ (4.29)
Diluted	\$ 0.32	\$ 0.28	\$ (2.23)	\$ (4.29)
Average common shares outstanding during the period:				
Basic	163,229	159,932	161,629	159,966
Diluted	163,301	159,976	161,629	159,966
Dividends per common share	\$ 0.20	\$	\$ 0.40	\$

The accompanying notes are an integral part of these consolidated financial statements.

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American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Cash Flows (Unaudited)

(In thousands, except per share data)

	Six Months Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (361,090)	\$ (686,986)
Adjustments		
Depreciation and amortization	142,085	131,223
Impairment charge	450,000	750,000
Amortization of removal costs net of salvage	20,144	21,214
Provision for deferred income taxes	47,196	21,960
Amortization of deferred investment tax credits	(803)	