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AMERICAN WATER WORKS CO INC

Form 8-K

October 30, 2001

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 29, 2001

AMERICAN WATER WORKS COMPANY, INC.

(Exact Name of registrant specified in its charter)

| | | |
|--|---|--|
| Delaware ----- (State or other Jurisdiction of Incorporation) | 0001-03437 ----- (Commission File Number) | 51-0063696 ----- (I.R.S. Employer Identification No.) |
|--|---|--|

| | |
|--|------------------------------|
| 1025 Laurel Oak Road, P.O. Box 1770 Voorhees, NJ ----- (Address of principal executive offices) | 08043 ----- (Zip Code) |
|--|------------------------------|

Registrant's telephone number: (856) 346-8200

Item 5. Other Events

On October 29, 2001, the Registrant issued a press release announcing earnings for the quarter ended September 30, 2001. The press release is attached as an exhibit and incorporated by reference herein.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not Applicable.
- (b) Not Applicable.
- (c) Exhibits.

The exhibit listed below and in the accompanying Exhibit Index is filed as part of this Current Report on Form 8-K.

| EXHIBIT NO. | TITLE |
|-------------|---|
| 99.1 | Press Release, dated as of October 29, 2001, of American Water Works. |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ W. Timothy Pohl

Name: W. Timothy Pohl
Title: General Counsel and Secretary

Date: October 30, 2001

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|---|
| 99.1 | Press Release, dated as of October 29, 2001, of American Water Works. |

Exhibit 99.1

Press Release

VOORHEES, N.J., October 29, 2001

American Water Works Company, Inc. Announces Earnings for the Third Quarter 2001

American Water Works Company, Inc. (NYSE:AWK) today announced earnings per share were 63 cents and net income to common stock was \$62.6 million for the quarter ended September 30, 2001 prior to one-time transactions.

This represents a 24% increase in earnings per share above the 51 cents per share reported for the third quarter last year. A ten-cents per share charge resulted from expenses incurred for the RWE/AG transaction announced September 17, 2001 and a three-cent per share net gain was recorded for the sale of water assets serving the city of Salisbury, Massachusetts.

After these one-time transactions, per share earnings were 56 cents and net income to common stock was \$55.6 million.

``Increased revenues from more than 40,000 new customers, authorized increases in rates charged for service, and modest weather pattern improvements were

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contributing factors to the improvement in results from on-going operations," said Ellen Wolf the company's chief financial officer. Cooler temperatures and frequent rainfall negatively impacted the company's revenues during the third quarter last year. "Even though we did not return to historical sales levels in all states during the quarter, our geographical diversity helped to mitigate this year's weather impacts," added Ms. Wolf.

Compared with revenues for the third quarter last year, revenues increased \$31 million, or 8.5 % to \$395 million.

Total operation and maintenance (O&M) expenses increased 8.1% compared to O&M expenses for the third quarter last year. However, as a result of continued growth, per customer O&M expenses on a twelve-month basis were up only 3.5% from per customer expense levels one year ago. Operating margins for comparative twelve-month periods were unchanged.

Depreciation expense increased 12.4% as a result of capital investments that increased net utility plant more than \$244 million.

Approval of the company's purchase of the water and wastewater assets of Citizens Communication Company in California was received from the California Public Utilities Commission in September. The company now has approval from state regulatory agencies in all six states covered by the purchase agreement and pending resolution of appeals from the California decision, anticipates completing that transaction by the end of this year.

Closing on the acquisition of Azurix-North America is anticipated in November.

The company stated that approval of the agreement with RWE/AG will be required in fourteen states and filings of the agreement must be made in five other states. It is anticipated that those filings will be made by the end of this year.

As announced earlier this month, a conference call with analysts regarding this earnings announcement will be available today on the company's website (<http://www.amwater.com>) at 3:00 PM (EST).

With annual revenues of \$1.4 billion, American Water Works Company, Inc. is the nation's largest publicly traded enterprise devoted exclusively to water and wastewater business opportunities.

For the three month, nine month and twelve month periods ended September 30, American Water Works Company, Inc., reports unaudited consolidated operating results as follows:

(In thousands, except per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------|-------------------------------------|------------|------------------------------------|--------------|
| | 2001 | 2000 | 2001 | 2000 |
| Operating revenues | \$ 394,956 | \$ 364,125 | \$ 1,075,261 | \$ 1,018,293 |

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| | | | | |
|--|-----------|-----------|------------|------------|
| Operating expenses | | | | |
| Operation and maintenance | 166,890 | 154,400 | 478,189 | 453,028 |
| Depreciation and amortization | 46,819 | 41,648 | 136,248 | 122,061 |
| General taxes | 33,049 | 31,942 | 98,825 | 96,610 |
| | ----- | ----- | ----- | ----- |
| | 246,758 | 227,990 | 713,262 | 671,699 |
| | ----- | ----- | ----- | ----- |
| Operating income | 148,198 | 136,135 | 361,999 | 346,594 |
| RWE/AG acquisition expense | (9,860) | | (9,860) | |
| Gain from sale of operating system | 4,820 | | 4,820 | |
| Other income (deductions), net | (45,409) | (51,916) | (138,735) | (142,662) |
| | ----- | ----- | ----- | ----- |
| Income before income taxes | 97,749 | 84,219 | 218,224 | 203,932 |
| Income taxes | 41,972 | 33,488 | 89,605 | 80,979 |
| | ----- | ----- | ----- | ----- |
| Net income | 55,777 | 50,731 | 128,619 | 122,953 |
| Dividends on preferred stock | 146 | 996 | 438 | 2,988 |
| | ----- | ----- | ----- | ----- |
| Net income to common stock | 55,631 | 49,735 | 128,181 | 119,965 |
| Other comprehensive income, net | (13,285) | (23,856) | (19,794) | (47,062) |
| | ----- | ----- | ----- | ----- |
| Comprehensive income | \$ 42,346 | \$ 25,879 | \$ 108,387 | \$ 72,903 |
| | ===== | ===== | ===== | ===== |
| Net income to common stock | \$ 55,631 | \$ 49,735 | \$ 128,181 | \$ 119,965 |
| One-time transactions, net of tax | 6,930 | | 6,930 | |
| | ----- | ----- | ----- | ----- |
| Net income to common stock - excluding one-time transactions | \$ 62,561 | \$ 49,735 | \$ 135,111 | \$ 119,965 |
| | ===== | ===== | ===== | ===== |
| Average shares of basic common stock outstanding | 99,723 | 98,139 | 99,287 | 97,944 |
| Basic and diluted | | | | |

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| | | | | |
|---|---------|---------|---------|---------|
| earnings per common share on average shares outstanding | \$ 0.56 | \$ 0.51 | \$ 1.29 | \$ 1.22 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|--|---------|---------|---------|---------|
| Basic and diluted earnings per common share on average shares outstanding excluding one-time transactions | \$ 0.63 | \$ 0.51 | \$ 1.36 | \$ 1.22 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|---|-------|-------|-------|-------|
| Other information Water sales (billions of gallons) | 102.0 | 99.5 | 260.7 | 258.0 |
| Utility customers (as of September 30) | 2,624 | 2,583 | 2,624 | 2,583 |

| | Twelve months ended September 30, | |
|------------------------------------|--------------------------------------|--------------|
| | 2001 | 2000 |
| | ----- | ----- |
| Operating revenues | \$ 1,407,558 | \$ 1,329,181 |
| Operating expenses | | |
| Operation and maintenance | 628,466 | 597,673 |
| Depreciation and amortization | 180,075 | 161,852 |
| General taxes | 127,434 | 126,037 |
| | ----- | ----- |
| | 935,975 | 885,562 |
| Operating income | 471,583 | 443,619 |
| RWE/AG acquisition expense | (9,860) | |
| Gain from sale of operating system | 4,820 | |
| Other income (deductions), net | (185,884) | (187,286) |
| | ----- | ----- |
| Income before income taxes | 280,659 | 256,333 |
| Income taxes | 113,932 | 100,822 |
| | ----- | ----- |
| Net income | 166,727 | 155,511 |
| Dividends on preferred stock | 1,150 | 3,984 |
| | ----- | ----- |
| Net income to common stock | 165,577 | 151,527 |
| Other comprehensive income, net | (39,890) | (32,813) |
| | ----- | ----- |

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| | | |
|---|---------------------|---------------------|
| Comprehensive income | \$ 125,687 ===== | \$ 118,714 ===== |
| Net income to common stock | \$ 165,577 | \$ 151,527 |
| One-time transactions, net of tax | 6,930 ----- | ----- |
| Net income to common stock - excluding one-time transactions | \$ 172,507 ===== | \$ 151,527 ===== |
| Average shares of basic common stock outstanding | 99,091 | 97,612 |
| Basic and diluted earnings per common share on average shares outstanding | \$ 1.67 ===== | \$ 1.55 ===== |
| Basic and diluted earnings per common share on average shares outstanding excluding one-time transactions | \$ 1.74 ===== | \$ 1.55 ===== |
| Other information | | |
| Water sales (billions of gallons) | 344.7 | 343.0 |
| Utility customers (as of September 30) | 2,624 | 2,583 |

Forward looking statements in this report, including, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These factors include, among others, the following: the success of pending applications for rate increases, inability to obtain, or to meet conditions imposed for, regulatory approval of pending acquisitions, weather conditions that tend to extremes of temperature or duration; availability, terms and development of capital; business abilities and judgment of personnel; changes in, or the failure to comply with governmental regulations, particularly those affecting the environment and water quality; competition; success of operating initiatives, advertising and promotional efforts; existence of adverse publicity or litigation; changes in business strategy or plans; quality of management; general economic and business conditions; and other factors described in filings of the Company with the SEC. The Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Contact:

American Water Works Company, Inc.
James E. Harrison, 856/346-8207
Nancy A. Macenko, 856/566-4026

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