AMERICAN WATER

WE KEEP LIFE FLOWING®

WASTEWATER SOLUTIONS

DELIVERING ENVIRONMENTAL RESULTS FOR COMMUNITIES

WHITE PAPER

Executive Summary

Wastewater infrastructure exists largely out of sight, yet, reliability and performance of wastewater systems are essential to public health and environmental protection. Across the country, aging infrastructure, stricter environmental standards and limited resources have made it increasingly difficult for many community systems to maintain reliable, environmentally compliant service. When these systems fall short, due to a legacy of underinvestment or lack of technical expertise, the consequences are immediate and measurable—untreated discharges, overflows, degraded waterways and diminished public confidence.

Nationally, the scale of this challenge is significant: much of the country's wastewater infrastructure is decades old, and utilities face tens to hundreds of billions of dollars in investment needs to maintain and modernize systems while meeting evolving regulatory requirements.

As the nation's largest regulated water and wastewater utility, American Water approaches these challenges with a long-term perspective grounded in solutions that delivering economies of scale, technical expertise, capital investment, transparency and accountability. Through sustained infrastructure investment, operational excellence, and rigorous regulatory compliance, American Water is committed to measurable environmental results in the communities we serve.

Who We Are

American Water is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886 and celebrating 140 years in 2026, We Keep Life Flowing by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 18 military installations.

Our Infrastructure Investments

American Water expects to invest **$46 to $48 billion** in infrastructure repairs and replacement, system resiliency and regulated acquisitions between 2026 and 2036. The company has a long-standing history of executing its core operations, aligned with sustainable best practices, through its commitments to safety, affordability, customer service, protecting the environment, an inclusive workforce and strengthening communities.

Scranton, Pennsylvania

Key Outcomes

- EPA violations reduced from 15+ to zero post-acquisition
- Over $287 million invested in wastewater system upgrades and CSO controls
- Over 40 Combined Sewer Overflow (CSO) reduction projects underway or completed under a 25-year EPA-mandated Long-term Control Plan
- Currently capturing an additional 118 million gallons per year of combined sewer for treatment which is significantly reducing untreated discharges to the Lackawanna River

From Chronic Violations to Sustained Environmental Compliance

When Pennsylvania American Water acquired Scranton's wastewater system in 2016, the community faced longstanding environmental challenges tied to a federally mandated EPA Consent Decree and a complex combined sewer system. Years of regulatory violations, fines, and deferred maintenance contributed to repeated combined sewer overflows into the Lackawanna River.

Following the acquisition, American Water assumed responsibility for the 25-year Long-Term Control Plan and began executing a multi-year program of infrastructure upgrades, operational improvements and compliance oversight. These actions focused on reducing overflows, modernizing treatment operations and strengthening system-wide maintenance.

Today, Scranton stands as a leading example of how sustained investment and accountability can return a struggling system to a path toward compliance and protect waterways.

McKeesport, Pennsylvania

Key Outcomes

- Dravosburg Mine Discharge Elimination: millions of gallons of untreated wastewater diverted from entering waterways annually
- Elimination of raw sewage discharges into abandoned mine shafts
- Over $95 million invested in wastewater infrastructure upgrades since acquisition
- Improved water quality in the Monongahela and Youghiogheny River watersheds
- The City of McKeesport received a net proceed of $40 million allowing the city to launch “McKeesport Rising Project” to eliminate blight and fund public works projects.

Eliminating Raw Sewage Discharges and Protecting Regional Watersheds

For decades, portions of the City of McKeesport and nearby Borough of Dravosburg experienced untreated sewage discharges into nearby waterways.

After acquiring the City of McKeesport’s wastewater system in 2017, Pennsylvania American Water launched a comprehensive reinvestment program focused on eliminating illegal discharges and modernizing aging infrastructure.

Targeted projects connected homes to regional wastewater treatment, replaced failing sewer mains, and reduced stormwater-driven overflows. These efforts directly addressed long-standing environmental risks to the Monongahela River watershed.

Long Hill, New Jersey

Key Outcomes

- Over $53 million invested in wastewater system improvements since acquisition
- Rehabilitation of 30,000+ linear feet of sewer main and 130 manholes, directly reducing inflow and infiltration
- 15+ miles of pipe improvements completed, strengthening system integrity and reducing groundwater intrusion
- $11 million invested in treatment plant and pump station upgrades improve performance and reliability during wet weather events
- Transition from frequent capacity exceedances to a more stable, compliant system protecting the Passaic River

Reducing Inflow & Infiltration to Protect the Passaic River

Long Hill Township's wastewater system—much of it built in the 1930s—struggled with aging infrastructure allowing significant inflow and infiltration (I&I), overwhelming the system during wet weather and exceeding treatment capacity. These conditions led to partially treated discharges into the Passaic River, creating environmental risk and regulatory pressure. Addressing the problem would have required major capital investment—costs that would have more than doubled rates for customers.

Having provided drinking water service to the community for more than 110 years, New Jersey American Water was a natural partner to extend its expertise to wastewater operations. Following the 2020 acquisition, the company implemented a long-term infrastructure program focused on reducing I&I and improving treatment performance. Investments in sewer main rehabilitation, manhole renewal, pump stations, and treatment upgrades addressed excess flow at the source—stabilizing wet weather operations and reducing the risk of untreated discharges.

Today, Long Hill Township is a clear environmental success story. Sustained investment has transformed a system once defined by infiltration-driven exceedances into one that is more stable, compliant, and protective of the Passaic River.

Exeter, Pennsylvania

Key Outcomes

- Provided a long-term solution following a 4 million-gallon untreated wastewater discharge
- Over $32 million invested since 2019 with an additional $80 million planned for the next five years
- Improved system reliability and expanded wet-weather capacity to reduce overflow risk
- Stabilized wastewater system operations providing a path to compliance with Department of Environmental Protection consent requirements
- Upon completion of major infrastructure projects in 2027 and 2029, an estimated 7.5 millions per year will be diverted from local waterways

A Wastewater Spill Transformed into Long-Term Environmental Protection

In 2018, Exeter Township experienced a major environmental incident when approximately four million gallons of untreated sewage discharged into the Schuylkill River following a major storm, putting drinking water in Montgomery and Chester counties at risk.

Facing regulatory enforcement, mounting infrastructure needs and budgetary challenges, the township sold its wastewater system to Pennsylvania American Water.

After the acquisition, Pennsylvania American Water prioritized modernizing the system with capacity expansions, treatment upgrades, and collection system rehabilitation aimed at preventing future failures. These investments strengthened resiliency to wet weather and led to compliance with environmental requirements.

Our experience in Exeter demonstrates how intentional, timely action can transform a wastewater system and provide long-term environmental safeguarding.

Sheridan, Indiana

Key Outcomes

- $11.4 million invested in wastewater treatment plant and related upgrades
- Elimination of chronic bypass events and overflow violations affecting waterways
- Transition to a more stable path toward regulatory compliance under NPDES requirements
- Modernized treatment and collection systems aligned with current standards
- Reduced wet-weather overflow risk and pollutant discharge to local waterways

Eliminating Chronic Overflows and Restoring Environmental Compliance

The Town of Sheridan, serving more than 3,000 residents, faced mounting wastewater challenges tied to infrastructure dating back to the 1950s. Limited capacity, especially during wet-weather events, led to repeated system overloads, including 25 bypass events and 12 overflow violations under National Pollutant Discharge Elimination System (NPDES) permits. At the same time, the Town faced utility-related debt and lacked the capital required to address system deficiencies, prompting local leaders to pursue a long-term partnership.

After acquiring the system in 2018, Indiana American Water implemented a targeted program to restore regulatory compliance and improve system performance. A nearly $11.4 million capital investment included construction of a new wastewater treatment facility, completed in 2021, replacing the aging plant and expanding treatment capacity to 1 million gallons per day, with up to 3 million gallons per day during peak wet-weather conditions.

Today, Sheridan reflects a transition from a system defined by repeated violations to one operating on a more stable, compliant footing. Eliminating chronic overflow conditions and modernizing treatment processes has reduced pollutant loading to local waterways and positioned the system to support future growth.

Ironton, Missouri

Key Outcomes

- $3.7 million acquisition delivering immediate local value and operational transition
- More than $2.5 million invested in wastewater system improvements to date
- $8.4 million committed over time to upgrade water and wastewater infrastructure
- Targeted actions to reduce inflow and infiltration and modernize treatment monitoring
- Strengthened path toward regulatory compliance and reduced discharge risk
- Enhanced protection of Stouts Creek and the local watershed

Stabilizing Wastewater Operations and Advancing Environmental Performance

The City of Ironton faced mounting challenges common to many small wastewater systems including aging infrastructure, constrained financial resources, and increasing regulatory pressure. A history of wastewater violations, combined with the scale of investment needed to restore compliance raised concerns about the system's long-term viability and potential for receivership. These conditions also posed ongoing risks to local waterways.

Following a voter approved sale of the system in 2023, Missouri American Water initiated an effort to stabilize operations and improve environmental performance. The company invested $2.5 million in targeted upgrades to treatment systems, collection infrastructure, and system monitoring, while working in coordination with regulators to support a sustainable path toward compliance.

Early investments have already begun to improve system reliability and reduce the risk of untreated or partially treated discharges. By transitioning to professional wastewater service, Ironton is now moving toward a more stable, compliant system that better protects nearby streams, including Stouts Creek and the surrounding watershed.

York, Pennsylvania

Key Outcomes

- Proactively addressed path forward to comply with federal consent agreement addressed through capital upgrades
- $13.7 million invested to date and $60 million planned by 2030
- Up to 70 million gallons of wastewater diverted from waterways during peak flows
- Enhanced protection of Codorus Creek and downstream waters

Restoring Compliance and Reducing Overflow Risk at Scale

The City of York's wastewater system faced years of underinvestment amid severe fiscal constraints, resulting in aging infrastructure, operational deficiencies, and documented environmental impacts to nearby Codorus Creek.

Between March 2019 and June 2021 alone, the City of York recorded 29 effluent exceedances and repeated releases of raw sewage, triggering a federal consent agreement and compounding financial pressure on the City.

By 2021, the City faced a $14 million budget deficit, the prospect of a 48% property tax increase, and a wastewater collection system where 86% of collection pipes dated back prior to 1950.

Following acquisition, Pennsylvania American Water initiated a targeted modernization program focused on interceptor replacement, large-scale collection system rehabilitation, and digital control upgrades to address high inflow and infiltration. These improvements are expected to divert wastewater during peak flow events, directly reducing pollutant loads to local waterways.

Godfrey, Illinois

Key Outcomes

- EPA consent decree requirements addressed and stabilized
- $30.9 million invested since acquisition; $32.2 million additional planned
- $20 million directed toward regulatory-driven treatment upgrades
- Improved treatment performance and environmental compliance

Resolving EPA Consent Order Challenges in the Midwest

For years, the Village of Godfrey faced increasing pressure to modernize its wastewater system while operating under an EPA Consent Decree tied to sanitary sewer overflows. Limited financial capacity and an outdated rate structure left the community unable to address aging infrastructure or meet rising regulatory demands, placing system reliability and long-term environmental compliance at risk.

In 2019, Illinois American Water acquired the system and assumed responsibility for compliance and long-term stewardship. With access to capital and technical expertise, the company made significant investment in wastewater treatment plant upgrades, system rehabilitation, and delivery on requirements under EPA Consent Decree.

Today, the system is operating from a position of greater stability and long-term environmental sustainability. Proceeds from the transaction eliminated the Village's capital obligations, enabling local leadership to reallocate resources and invest funds for future community needs.

Conclusion

At a time when utilities nationwide face aging infrastructure, increasing regulatory expectations, and significant capital constraints, American Water's approach provides a proven path forward. When wastewater systems are supported with continued long-term investment, maintained and operated with technical and regulatory discipline, communities achieve measurable environmental improvement.

Across American Water's service areas, our success stories have reduced or eliminated overflows, addressed untreated discharges, delivered stronger compliance performance and improved protection of local waterways. Through economies of scale, operational expertise, and long-term investment, we have been a solutions provider to the complex wastewater challenges confronting cities and towns across our service territory.

With a planned $46 to $48 billion in infrastructure investment between 2026 and 2036, American Water is modernizing wastewater systems, strengthening environmental performance and enhancing resilience across the communities it serves. This sustained approach is transforming wastewater service for our customers, delivering measurable results and protecting public health and water quality for generations to come.

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