PRESS RELEASE



FOR IMMEDIATE RELEASE

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PENNSYLVANIA AMERICAN WATER ANNOUNCES \$3.8 MILLION IN WATER SYSTEM UPGRADES IN WASHINGTON COUNTY

Company to replace almost five miles of aging pipe

MCMURRAY, Pa. (May 31, 2012) – Pennsylvania American Water today announced that more capital improvements are coming for Washington County, with 23 new projects starting to replace approximately 4.8 miles of aging water main. These upgrades, at a cost of approximately \$3.8 million, will improve service reliability for customers and increase water flows for firefighting.

"The latest projects will replace aging and undersized pipe that dates as far back as the 1940s, ensuring that our customers receive quality, reliable water service for many years to come," said Dave Gumbert, Pennsylvania American Water manager of field operations, southwest region. The company serves approximately 52,500 customers in Washington County.

The latest improvements are in addition to the company's investment of approximately \$101 million to upgrade its Pittsburgh and Washington County area water treatment facilities, which includes upgrades to the E. H. Aldrich Station in Elrama.

Over the next several weeks, the company is replacing aging water main in the following communities.

Claysville

- Beham Ridge Road
- Wayne Street
- North Alley

Sturgeon

McVey Street

Avella

- PA State Route 50
- Avella Road
- Avella Tank Right of Way

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Clavsville

- McClaine Street
- Birch Street

Cecil Township

- Walbash Street
- Belgium Hill Road

Washington

- Maryland Avenue
- Wylie Avenue
- Shady Lane

Smith Township

- Atlasburg Road
- Cherry Valley Road
- PA State Route 18
- First Street
- Second Street
- Harmon Creek

Slovan

First Street

Peters Township

- Candelite Drive
- Andiron Circle
- Carol Drive
- Elm Grove Road
- Alexander Drive

During construction, customers might experience temporary service interruptions, discolored water and/or lower than normal water pressure. Pennsylvania American Water will provide notice prior to any parking and/or driveway use restrictions. For more information, contact Pennsylvania American Water's customer service center at 1-800-565-7292.

Pennsylvania American Water, a wholly owned subsidiary of American Water (NYSE: AWK), is the largest water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.2 million people. Founded in 1886, American Water is the largest publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs approximately 7,000 dedicated professionals who provide drinking water, wastewater and other related services to an estimated 15 million people in more than 30 states, as well as parts of Canada. More information can be found by visiting www.amwater.com.

This release contains forward looking statements, including, among others, our plan to continue our long-term strategy of capital investment in our systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, changes in regulations or regulatory treatment and availability and the cost of capital. We undertake no obligation to publicly update or revise any forward-looking statement.

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