

FOR IMMEDIATE RELEASE

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PENNSYLVANIA AMERICAN WATER PLANS \$500,000 PIPE UPGRADE IN DERRY TOWNSHIP

HERSHY, Pa. (August 19, 2008) – Pennsylvania American Water today announced the start of water main improvements in Derry Township to improve service reliability for customers and increase water flows for firefighting. The cost of pipe upgrades is approximately \$500,000.

Starting the week of August 25, Pennsylvania American Water will replace nearly 3,300 feet of aging cast iron and galvanized steel pipe with new ductile iron water main along the following streets:

- East Caracas Avenue between Cocoa and Java avenues.
- East Granada Avenue, east of Para Avenue.
- Trinidad Avenue between Park Avenue and East Derry Road.

The project also includes installing five new fire hydrants in these areas.

Crews will work weekdays between 7 a.m. and 4:30 p.m. During construction hours, traffic restrictions and alternating traffic patterns are likely, and motorists are urged to find alternate routes. The water main improvements, including final paving restoration, are scheduled to be completed by the end of November.

The company is contacting affected residents to provide information related to temporary service interruptions or traffic disruptions. For more information, contact Pennsylvania American Water's customer service center at 1-800-565-7292.

Pennsylvania American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to more than 2.1 million people. In addition to its subsidiaries' regulated operations, American Water provides operation and maintenance services to an additional 112,000 people in Pennsylvania. Pennsylvania American Water is a wholly owned subsidiary of American Water (NYSE: AWK). Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs nearly 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15.6 million people in 32 states and Ontario, 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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