

FOR IMMEDIATE RELEASE

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PENNSYLVANIA AMERICAN WATER PLANS \$450,000 PIPE UPGRADE IN BUTLER

MCMURRAY, Pa. (August 26, 2008) -- Pennsylvania American Water announced today the start of two water main improvements in the city of Butler to improve service reliability for customers and increase flows for firefighting. The combined cost of pipe upgrades is approximately \$450,000.

Starting the week of August 25, Pennsylvania American Water will replace approximately 1,300 feet of aging steel pipe with new ductile iron water main along Federal Street, between North Washington and Broad streets. The company also will be replacing approximately 850 feet of cast iron main along the north and south sides of West Diamond Street, between South Washington and South Main streets.

The Federal Street project includes replacing more than 70 service connections with new copper pipe and installing two fire hydrants. Crews will pave the entire street following installation of the new pipeline. The proposed completion date, including paving restoration, is early spring of 2009.

The West Diamond Street construction will also replace seven service connections with new copper pipe and install five new fire hydrants. The company will restore the bricks on Diamond Street between Main and Jackson streets and pave between Washington and Jackson streets. Construction is expected to be completed, including paving restoration, by late fall of 2008.

Crews will be working on both projects between 7:30 a.m. and 5 p.m. During construction hours, traffic restrictions and alternating traffic patterns are likely, and motorists are urged to find alternate routes. The company is contacting affected customers to provide information related to temporary service and 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. 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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