

## American Water To Emphasize Public-Private Partnerships, Green Initiatives and Innovative Solutions in 2007

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American Water, the largest water services provider in North America, begins 2007 determined to form more public-private partnerships with municipalities and other government agencies as it implements innovative solutions to meet the many challenges facing the water industry such as aging infrastructure, water quality and supply challenges.

In looking at the year ahead, American Water President and CEO Donald Correll said the company intends to build on relationships it has already formed in cities such as Phoenix, Tampa Bay, New York City, Seattle and Fillmore, CA.

"Communities are looking for sustainable solutions for their water quality and capacity needs, infrastructure management, and wastewater treatment. We believe that offering this assistance will be extremely valuable in 2007 and the years ahead," said Mr. Correll.

Noting estimates that it will cost hundreds of billions of dollars to build new water services capacity and replacing aging infrastructure in the next two decades, Mr. Correll predicted that companies such as American Water offer a useful resource for local governments to gain access to capital and find solutions to their pressing water challenges.

"One solution to today's water challenges lies in public-private partnerships that can implement total water management (TWM) programs," he said. "TWM takes into account social, environmental and economic needs so that water resources can be managed in a balanced, sustainable manner. We offer our customers the opportunity to leverage our technical expertise, customer relations skills and our ability to access to capital markets. We can help cities implement entire TWM solutions as well as significant elements that have immediate priority."

Examples of American Water's public-private-partnerships underway in 2007 include:

- **Wastewater Design, Build and Operate:** American Water will design, build and operate (DBO) a new wastewater recycling facility for Fillmore, CA, to replace an existing 50-year-old plant. Initially designed to serve approximately 15,000 residents and businesses, it will have the capacity to accommodate projected growth and to meet increasingly stringent regulatory requirements.
- **Partnering with the U.S. Military:** American Water will operate and manage Fort Bragg's 10.6 million gallons per day (MGD) Water Treatment Plant and 8 MGD Wastewater Treatment Plant, helping the Army to achieve its goal of viable, environmentally sound solutions to its water and wastewater challenges. The company's other military partnerships include Fort Sill, OK, Fort Leavenworth, KS, and Fort Rucker, AL,
- **Desalination:** American Water has largely completed the remediation of the Tampa Bay Seawater Desalination Plant at Apollo Beach. This enormously complex project is the largest desalination activity ever undertaken in the United States. When completed, it will provide a sustainable, drought-proof and environmentally sound source of drinking water for many of the two million residents of the Tampa Bay area. It will serve as a model for how other coastal cities can meet the needs of growing populations in the years ahead.
- **Green Initiatives/Water Re-use:** The Solaire high-rise apartment in New York's Battery Park City now has the country's first onsite wastewater treatment and re-use system in a multi-family residential building. American Water, which designed and built it, is also currently creating two additional wastewater recycling projects for the Battery Park City Authority. One will recycle 30,000 gallons of water per day at Millennium Towers and the other will treat 25,000 gallons per day at the River House. Both are expected to be operational in 2007.
- **The largest DBO in North America:** American Water is currently managing the design and construction of a water treatment facility that will serve 400,000 households in Phoenix. The plant's initial 80 million gallons per day capacity will ultimately be expanded to 320 MGD. When completed in early 2007, American Water will operate the system which will be the largest project delivered through a DBO on the continent.
- **Seattle and Buffalo projects:** The continued success of the Tolt Water Treatment Plant operated for the City of Seattle is one of the most visible public-private partnership stories; it already has saved Seattle taxpayers an estimated \$70 million. The City of Buffalo reported savings of \$21 million and has recently renewed their contract for another five years with American Water. Services provided include repair and maintenance of the distribution system; water treatment and pump station operations; residuals management; customer service; billing and collections; and the repair and installation of water meters.

"Partnerships between municipalities and the private sector will be an increasingly important strategy for dealing with the enormous challenges of upgrading and replacing the nation's water and wastewater delivery systems and to do so in a way that

protects our environment," said Mr. Correll. "We look forward to delivering more innovative solutions in 2007 and beyond."

In addition to offering public-private partnerships, American Water works with local governments to help sustain economic development and provide a reliable water supply for future growth through systems that become part of the company's network of privately owned subsidiaries. Examples include the recent purchase of a water system in Florham Park, NJ, that will provide water to the future headquarters and training camp of the New York Jets NFL football team and the announced purchase of S.J. Services Inc. in a high-growth area of the New Jersey where additional water resources are needed for economic development.

With headquarters in Voorhees, NJ, American Water employs approximately 7,000 dedicated professionals who provide high-quality water, wastewater and other related services to about 17 million people in 29 states and Canada.

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