

PRESS RELEASE



FOR IMMEDIATE RELEASE:

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PENNSYLVANIA AMERICAN WATER BEGINS ADDITIONAL TESTING OF SANITARY SEWER LINES IN CLAYSVILLE BOROUGH AND DONEGAL TOWNSHIP

MCMURRAY, Pa. (October 27, 2009) – Pennsylvania American Water announced today the start of the second phase of its rehabilitation of the Claysville - Donegal wastewater system. During the next phase, Pennsylvania American Water and its contractors, HDR Engineering and Insight Pipe Contracting, will perform smoke testing of the sanitary sewer lines in Claysville Borough and Donegal Township to help locate potential sources of inflow and infiltration that can cause sanitary sewer overflows (SSOs).

The testing is part of the \$1.5 million rehabilitation of the Claysville - Donegal wastewater operation that Pennsylvania American Water began in August 2008. SSOs are a condition that predates the company's 2008 acquisition of the Claysville - Donegal wastewater system. SSOs are often a result of stormwater (or groundwater) entering the public sewer system through broken pipes or illegal connections of stormwater from catch basins, storm drains, roof drains, foundation drains or sump pumps. To correct this problem, it is necessary to locate and separate the stormwater and groundwater from the sewer system.

Pennsylvania American Water will be conducting the testing between November 2 and December 31, 2009. Smoke testing provides initial results of locations where clear water is entering the sanitary system. The smoke is harmless and non-toxic. Testing is performed by blowing smoke into the sanitary sewer and observing the locations where smoke is being emitted. If smoke exits from only the vent stacks of a house, the house is in compliance. If smoke is emitted from downspouts, this result indicates an unauthorized connection to the sanitary sewer system. The tests might also reveal potential compliance issues with catch basins, storm sewers, pavement cracks, cleanouts and other places.

Pennsylvania American Water is notifying property owners through regular mail regarding testing in the targeted areas. The company will post the project schedule, including the streets where testing will be conducted and frequently asked questions, on its Web site at www.pennsylvaniaamwater.com under the Alerts Notification link at the top of the home page.

Prior to beginning smoke testing, Insight Pipe Contracting will place door hangers on the front door of every building on the streets to be tested at least 24-to-48 hours in advance.

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Pennsylvania American Water advises customers to prepare for the testing by filling their drain traps with water to prevent sewer gases from entering the building. About three cups of water should be poured in floor and sink drains, filling the traps to prevent smoke from entering the home. If smoke enters through the trap, the resident should consult a licensed plumber. Customers who notice smoke entering their structure should contact a member of the smoke-testing crew working in the area, or 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 investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to more than 2 million people. 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 more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 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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