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MISSOURI AMERICAN WATER FILES RATE REQUEST

Proposed increase keeps water service costs at about a penny per gallon

St. Louis County (Oct. 30, 2009) Earlier today, Missouri American Water filed an application with the Missouri Public Service Commission (MOPSC) to adjust rates for water service in all of the company's operating districts.

Missouri American Water's ongoing investment in water system improvements and the increasing costs of delivering high-quality, reliable service to customers are the main drivers behind today's rate request.

No rates will change until the MOPSC completes a comprehensive audit of the request. The process normally takes about 11 months and includes opportunities for public input.

According to Frank Kartmann, president of Missouri American Water, the proposed rates reflect system investments of approximately \$96 million statewide from Oct. 1, 2008 to April 30, 2010 that are not reflected in the current water rates. "These investments in water plants, pumps and pipelines help to enhance water quality, service reliability and fire protection for customers, while keeping the cost of water service for most local households at about a penny per gallon," said Kartmann.

Additionally, many expenses associated with providing high-quality water service such as energy, insurance and water main repair costs have out-paced the rate of inflation.

As part of the rate filing, Missouri American Water is requesting MOPSC approval of a new reduced rate for qualified low-income customers. The proposed new rate structure would reduce the fixed charge component of the water bill for customers whose income falls below the poverty level defined by the federal Low Income Home Energy Assistance Program. "While water service is one of the most affordable utilities," said Kartmann, "we are requesting this new rate to help low-income seniors, individuals and families."

Missouri American Water's rates are based on the true costs of providing water service, as reviewed by the MOPSC. The company works to operate efficiently and control operating expenses. The company's goal is to balance that objective with the continuous need for significant system investment to ensure service reliability and meet increasing state and federal requirements.

Many communities across the country are facing the challenges of aging water and wastewater infrastructure and associated rate impacts. The United States EPA says the nation's water

utilities will need to make an additional \$335 billion in infrastructure investments -- \$7 billion in Missouri -- over the next 20 years to replace thousands of miles of pipe and for upgrades to treatment plants, storage tanks and other assets to ensure public health, safety and economic opportunity.

If the new rates are approved as requested, they will generate \$48.7 million in additional revenue for the company. The proposed rates vary by community.

Following today's filing, a comprehensive review process by the MOPSC is the next step in the rate-making process. Public hearings and opportunities for public comment are part of the process, under the direction of the MOPSC.

Missouri American Water

Missouri 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 a million and a half 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.