

PRESS RELEASE



PENNSYLVANIA
AMERICAN WATER



FOR IMMEDIATE RELEASE:

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PENNSYLVANIA AMERICAN WATER FILES RATE REQUEST FOR CLARION WASTEWATER SYSTEM

Proposed rates driven by \$2.7 million capital investment

CLARION, Pa. (April 23, 2010) -- Pennsylvania American Water today filed a request with the Pennsylvania Public Utility Commission (PUC) to increase sewer rates for customers of its Clarion wastewater system.

Under the proposed new rates, the typical residential customer's wastewater bill would increase from \$21.52 per month to \$40.37. The company requested that the new rates become effective June 22, 2010, however the PUC typically suspends such requests for up to six-to-nine months to permit a complete investigation and analysis.

Pennsylvania American Water President Kathy L. Pape said, "The proposed increase is needed to help recover approximately \$2.7 million that our company will have invested since acquiring the system to address past environmental issues and to improve the quality and reliability of wastewater service. Our significant capital investment equates to spending approximately \$1,200 per customer in the Clarion area."

This request is Pennsylvania American Water's first since acquiring the system in October 2008. The company's capital improvements include \$2.2 million for collection system upgrades and \$500,000 to enhance the treatment system's reliability.

Pape noted that the system upgrades are required to begin to resolve environmental issues that the Pennsylvania Department of Environmental Protection identified in a Consent Order dated October 30, 2008, pertaining to an overload of the sanitary sewer system. She said the rate increase is also needed to recover increased operational expenses, such as electricity, treatment chemicals and labor.

In its rate case filing, Pennsylvania American Water is proposing to establish an assistance fund through the H2O (Help to Others) Program™ to help disadvantaged customers with their wastewater bills. It would be administered in the same manner as the existing H2O Program for water customers who qualify. Pape said the company is proposing to contribute \$10,000 to create an assistance program that provides grants and service fee discounts for those wastewater customers who qualify.

Pennsylvania American Water provides wastewater service to approximately 2,200 customers in Clarion Borough, Clarion Township and Monroe Township.

The rate case filed by Pennsylvania American Water requests an increase in annual wastewater revenues of approximately \$968,817. Customers with additional questions can contact the company'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 approximately 2.2 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 16 million people in 35 states, as well as Ontario and Manitoba, 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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