

American Water Awarded Contract To Design-Build-Operate New Fillmore Wastewater Recycling Facility

New facility to serve 15,000 residents and businesses

Voorhees, NJ - December 18, 2006

The City of Fillmore, California, awarded American Water, the nation's largest water services provider, a contract to design, build and operate (DBO) the City's new wastewater recycling facility, capping a two-year competitive procurement process. The new facility will replace Fillmore's existing 50-year-old facility and will serve approximately 15,000 residents and businesses. It will be designed to initially treat 1.8 million gallons of wastewater per day and have the capability for future expansion to accommodate the City's projected growth.

This contract is the latest public-private partnership arrangement for American Water, which provides drinking water and wastewater treatment services to 17 million people in 29 states and Canada. With revenue of more than \$2 billion, American Water has been very successful in the DBO market in recent years, winning contracts with the City of Phoenix for a new 80 mgd water treatment facility and the Tampa Bay Water Authority for a 25 mgd seawater desalination plant.

"This is a perfect example of how American Water is partnering with municipalities to address the huge infrastructure needs of communities across the United States," said Donald Correll, president and chief executive officer of American Water. "We are very excited about this opportunity and look forward to building a strong partnership with Fillmore and becoming a member of this vibrant community."

American Water, working closely with Fillmore and Boyle Engineering Corporation, will lead a very experienced and talented DBO team-which includes W.M. Lyles Company, a well-established and successful California construction company, and Kennedy Jenks Consultants, Inc., a local and experienced engineering design firm.

Under terms of the DBO contract, American Water will design and build the new facility over the next two years. Upon successful completion and acceptance testing, American Water will operate the new treatment plant, as well as the City's collection and recycled water systems, for 20 years.

Walter Howard, senior vice president of sales and business development, added, "On future projects, we are particularly interested in investing in communities to reinforce our commitment to long-term public-private partnerships."

With headquarters in Voorhees, NJ, American Water employs approximately 7,000 dedicated professionals who provide high-quality water, wastewater and other related services to more than 17 million people in 29 states and Canada. On November 4, 2005, RWE announced its intention to divest American Water.

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