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PENNSYLVANIA AMERICAN WATER ANNOUNCES AGREEMENT TO ACQUIRE PIKE COUNTY WASTEWATER SYSTEM

HERSHEY, Pa. (September 18, 2018) – Pennsylvania American Water, a subsidiary of American Water (NYSE: AWK), announced today that it has signed an agreement to acquire the wastewater assets of the Delaware Sewer Company in Delaware Township, Pike County. The wastewater system serves approximately 40 customers, and the transaction is valued at \$61,700.

The proposed acquisition is the result of the Pennsylvania Public Utility Commission (PUC) initiating an investigation to determine whether a capable utility should acquire the Delaware Sewer Company. In January 2016, the PUC launched the investigation. The ensuing due diligence process revealed that the system suffered from a lack of investment and proper maintenance, including failing sand mounds. As part of the regulatory review, the PUC must approve Pennsylvania American Water’s application to purchase the system. In addition, the PUC will require the company to submit a plan for wastewater system upgrades.

“The Delaware Sewer system represents a challenge but also an important opportunity for our company – and a real plus for the customers,” said Pennsylvania American Water President Jeffrey L. McIntyre. “We appreciate that the Public Utility Commission recognizes our track record in taking over troubled systems and committing the technical expertise and resources needed to bring these operations into regulatory compliance.”

Delaware Sewer Company is a wholly-owned subsidiary of Consolidated Pocono Utilities, Inc., which was also the parent company of the former Clean Treatment Sewage Company. In 2013, Pennsylvania American Water acquired the troubled Clean Treatment wastewater operations, which were subject to a moratorium preventing additional connections due to inflow and infiltration issues and overflows in

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the collection system. The system serves approximately 1,000 residents, also in Delaware Township, Pike County.

The company expects to close the Delaware Sewer transaction by the third quarter of 2019, pending regulatory approvals. Under the purchase agreement, there will be no immediate change to the customers' wastewater rates. Infrastructure improvements will begin after the close of the transaction. Pennsylvania American Water's rates are regulated by the PUC and future rate changes would have to be reviewed and approved by the PUC.

Pennsylvania American Water, a 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 2.4 million people. With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs more than 7,100 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 14 million people in 45 states and Ontario, Canada. American Water provides safe, clean, affordable and reliable water services to our customers to make sure we keep their lives flowing. For more information, visit amwater.com and follow American Water on [Twitter](#), [Facebook](#) and [LinkedIn](#).

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