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PENNSYLVANIA AMERICAN WATER SIGNS AGREEMENT TO ACQUIRE STEELTON BOROUGH AUTHORITY WATER SYSTEM

HERSHEY, Pa., November 15, 2018 – Pennsylvania American Water, a subsidiary of American Water (NYSE: AWK), announced today that it has signed an agreement to acquire the water assets of the Steelton Borough Authority (Authority) in Dauphin County. The total value of the transaction is approximately \$22.5 million for the water system, which serves nearly 2,400 metered residential, commercial and large industrial connections.

Pennsylvania American Water and the Steelton Borough Authority will seek approval of the acquisition from the Pennsylvania Public Utility Commission (PUC) and other necessary approvals from the Pennsylvania Department of Environmental Protection. The signing of the purchase agreement is the culmination of negotiations between Pennsylvania American Water and Authority officials after the Authority voted on August 27, 2018, to accept the company's proposal. Earlier this year, the Authority issued a request for proposals for the potential sale of the water system.

"We look forward to the opportunity to provide quality, reliable water service to Steelton's homes and businesses," said Pennsylvania American Water President Jeffrey L. McIntyre. "We are well-prepared to bring both the technical expertise and financial resources needed to ensure the system addresses all the regulatory challenges it faces now and in the future."

McIntyre said upon closing the acquisition that "we will welcome the existing Authority employees to Pennsylvania American Water to help us operate the system." All active employees will be offered jobs, subject to standard pre-employment hiring practices.

Pennsylvania American Water has also committed to invest approximately \$36 million in improvements to Steelton's water system over the next 10 years.

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McIntyre said the pending transaction will be executed under Pennsylvania’s Act 12 statute, which allows municipalities to sell water and wastewater systems for a price based on the fair market value of the facilities. Prior to the passage of Act 12, the valuation process was based on assessing the system’s original cost at the time of construction – which may be 50 years old or more – less depreciation and contributed property. “The law enacted in 2016 now provides municipalities the opportunity to receive a purchase price that is more reflective of the current value of the system assets,” said McIntyre.

The company expects to close the transaction in the third quarter of 2019, pending regulatory approvals.

Pennsylvania American Water, a subsidiary of American Water, 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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