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American Water Launches New Smart Grid Partnership with ENBALA Power Networks

First U.S. Water Utility to Employ Demand-side Management of Electricity

VOORHEES, N.J., September 7, 2011 – American Water Works Company, Inc. (NYSE: AWK), the largest publicly traded U.S. water and wastewater utility company, today announced it has formed a partnership with ENBALA Power Networks. The partnership, a result of the company's Innovation Development Process, establishes American Water as the first U.S. water utility to use ENBALA's Smart Grid technology, which harnesses the flexibility of the company's demand-side assets to deliver Grid Balance to the electric power system.

“Since water and energy are so interconnected, finding ways to better manage these critical services benefits both industries and their customers,” said American Water President and CEO Jeff Sterba. “This technology essentially allows the power company to ‘talk’ with a water plant in real-time. This communication leverages the flexibility of our treatment facilities’ energy usage so that we use more energy when demand is low and less energy when demand is high. This provides valuable flexibility to the electricity system operator and results in a cost benefit to the company, which will help offset increases in other costs for our customers.”

“We were happy to take part in the Innovation Development Process, and we look forward to building on our strong relationship with American Water through this partnership,” said Ron Dizey, President and CEO, ENBALA Power Networks. “Providing Grid Balance by harnessing the flexibility of demand-side assets helps the electricity system operators to maintain the reliability of the electric power system, and it creates a new revenue source for the organizations that own the assets.”

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ENBALA's innovative technology connects the demand-side assets of industrial and institutional electricity users to the Smart Grid to provide Grid Balance to electricity system operators. The technology manages the way electrical equipment – which in this case is American Water's treatment plants and pumps – uses power without impacting the efficiency of its process or its operational costs. Instead of adjusting generation to match minute-by-minute changes in demand, the ENBALA Power Network adjusts demand so that generation can be operated at optimal levels and efficiency. This provides the next generation of network-based management services to regional Independent System Operators (ISOs), which increases the efficiency and stability of the regional electricity system and improves the market's ability to integrate renewable power generation. Participation in this Smart Grid technology provides a cost benefit to the company, in exchange for delivering Grid Balance in real-time to the ISO through the ENBALA Power Network.

American Water and ENBALA completed successful pilot programs at Pennsylvania American Water's Shire Oaks pumping station.

“We're proud to have had the opportunity to use our facility to test this groundbreaking technology,” said Pennsylvania American Water President Kathy Pape. “We're always looking for ways to increase the cost-effectiveness of our operations and provide added value to our customers, and this program enables us to do both without compromising the high level of quality and service our customers expect.”

In addition to using the technology at this inaugural facility, American Water plans to expand its use in other large treatment facilities throughout its footprint.

The demand-side management program is the first product of the company's Innovation Development Process. Formed in August 2009, American Water's Innovation Development Process is an initiative that leverages the company's position and expertise as the nation's largest water and wastewater services provider to develop innovations by performing idea validation tests using the company's large and geographically diverse footprint, ultimately becoming an early-adopter of new technologies for industry use. It combines American Water's research and development acumen, technical expertise and infrastructure assets, with innovations from within the company and from business partners, to create greater efficiencies in the areas of water reuse, desalination, wastewater operations and bio-energy.

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Founded in 1886, American Water is the largest publicly traded 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 more than 30 states and parts of Canada. More information can be found at www.amwater.com.

In 2011, American Water is celebrating its 125th anniversary with a yearlong campaign to promote water efficiency and the importance of protecting water from source to tap. To learn more, visit www.amwater125.com.

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