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Aqua America Increases Investment in Pennsylvania, New Jersey and Ohio to Address Water-Energy Nexus

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE: WTR) Chairman and CEO Nicholas DeBenedictis detailed Aqua's sustainability initiatives with respect to its growing water-energy nexus at the Citi Global Water and Renewables Investment Conference held today in New York City.

In late 2011, certain Aqua America and Penn Virginia operating subsidiaries entered into a joint venture to form Aqua — PVR Water Services, LLC to construct and operate a private pipeline system to supply fresh water to certain natural gas producers drilling in the Marcellus Shale in north-central Pennsylvania. The 18-mile steel pipeline, which cost \$24 million, began servicing drillers in North-Central Pennsylvania on an as-needed basis in April this year. Phase II construction of the second 18-mile stretch began earlier this month and is expected to be completed by the end of the year. The pipeline largely parallels the trunk line of PVR's gas gathering system in Lycoming County and will share PVR's existing rights-of-way.

"Ensuring that water is delivered to drillers through an environmentally conscious and efficient method has required Aqua America and gas companies to develop a collaborative infrastructure," said DeBenedictis. "Both local communities and drillers have already realized the benefits of these efforts."

In addition to offering drillers a reliable water source, the pipeline has supported the creation of approximately 100 local jobs. Every one million gallons of water distributed through the pipeline eliminates the need for 200 truck trips on Pennsylvania's roads and bridges. As of today, nearly 4,000 truck trips have already been eliminated due to the pipeline's successful infrastructure management.

In May, to support the economic and environmental benefits of natural gas usage, Aqua America announced, before the Pennsylvania Public Utility Commission's Alternative Fuel Vehicles forum, the initiative to transition its large-vehicle fleet to compressed natural gas (CNG). The use of CNG in its vehicles provides a safe, environmentally friendly, and cost-efficient fuel source.

"Converting to the clean-burning, less expensive fuel is a natural progression for the company as we continue to uphold our public responsibility to demonstrate good environmental and economic stewardship," said DeBenedictis.

Over the past two years, Aqua America's Pennsylvania and New Jersey subsidiaries have constructed four solar farms to power treatment facilities. Aqua Pennsylvania completed its second installation of one of the largest solar farms in Pennsylvania this year at its Pickering water treatment plant near Valley Forge. A similar facility was built in 2010 and powers its Ingram's Mill Water Treatment Plant near West Chester, Pennsylvania. In 2011, Aqua America's New Jersey subsidiary constructed solar farms in Lopatcong Township, Warren County to power an ultraviolet light water treatment plant, and another in Gloucester Township, Camden County to power a well station.

Collectively, the solar farms are expected to reduce Aqua's grid-tied usage annually, resulting in a direct economic benefit to Aqua's ratepayers of approximately \$500,000 in avoided energy costs in 2012.

On May 1, Aqua invested \$101 million in cash plus assumed debt of \$11 million to purchase of all of American Water Works Company, Inc.'s (NYSE: AWK) regulated operations in Ohio, making Aqua America the largest investor-owned water utility in Ohio. The purchase yielded Aqua eight additional water systems and one wastewater system, which serve approximately 50,730 water and approximately 6,550 wastewater connections. The systems serve parts of nine counties primarily in central and northeast Ohio. The acquisition increased Aqua Ohio's customer base by approximately 66 percent and added approximately \$95 million in additional rate base.

"With the burgeoning natural-gas industry, this investment expanded the growth platform to further the water-energy nexus opportunities in Ohio, an energy-rich state," said DeBenedictis.

As Aqua America continues to focus on its role in enabling the U.S. to access its natural gas resources, the company continues to pursue other water-energy ventures. "The environment, public health and public responsibility are at the core of Aqua America's principles and we remain focused on these as we continue to pursue sustainable clean energy sources," explained

DeBenedictis.

Aqua America is one of the largest U.S.-based, publicly-traded water utilities and serves almost 3 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, Florida, Virginia, and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that address, among other things, the Company's sustainability initiatives with respect to water-energy ventures, conversion of a portion of its fleet to compressed natural gas vehicles and the projected impacts of this conversion, and the installation of several solar farms and the projected economic benefit of these facilities. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: regulatory, economic and market conditions, the timing and success of business development efforts and other uncertainties, and other key factors that we have indicated could adversely affect our business and financial performance discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is on file with the Securities and Exchange Commission. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. Aqua America is not under any obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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