

Utility Workers Union of America, AFL-CIO System Local 537

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Representing Members In Pennsylvania, Maryland, and West Virginia

July 11, 2011

American Water Is Your Company UWUA Is Your Union

Each of us has engaged in hundreds of conversations with members who have similar perspectives on everything from how the Company wishes to grow their business to how the Company wishes to teach us how much health care costs in America. The similarity in thought is overwhelming, as is the confidence our members have shown not only in the Union leadership, but in voicing their opinions to the leadership of this Union. These conversations are reassuring because they are proof positive of just how much our members care for their Union, and the customers they serve; however, today, we are taking a moment to confirm the above, by responding to American Water's corporate attack on the Union that we belong to, which we feel is unfair and unwarranted.

We have read the communication from the Utility Workers Union of America, (UWUA) and agree that it is a huge victory for the Rialto ratepayers. Turning over their water system to American Water at this time is clearly not a wise choice. Those of us that work for American Water and know the history of the Company know these are the worst of times. American Water executives have interpreted the UWUA message as negative towards our members. We do not. It is in fact our members that enable this Company to be as productive as it is, and earn the profits that they do. We don't find this message to be "bragging" that they will help block American Water's efforts to expand water services, but a clear message that we not only care about our members, but we are also consumer advocates. It is our members that directly deal with the consumer every day. **We think our members perform at a stellar level, in spite of hearing many negative comments from lower level management.**

It should come as no surprise to upper management, especially Mr. Lynch, as he had a discussion with the President of the UWUA, Local 537 after a heated group discussion in Philadelphia where negotiations were taking place for National Health and Pension. During that discussion he was advised of the dissatisfaction that the members in Pennsylvania, West Virginia, and Maryland had with the management of the Company. He was provided a card and an invitation to come to Pittsburgh to further discuss the issues maintained by the members of this Local. He has not done so. **Do you think that is an accurate reflection for the lack of regard this membership feels that this management team has for its employees? We do!**

Union leaders do represent our members, and we do it well; from the smallest Local to the top of the National Union. We are proud Union members, officers, and hardworking employees. We take exception to the response written by a few corporate officers that are only speculating on the sentiments of their employees, and our members. In 2008, PAWC went through a PUC Management audit wherein finding VII-4 determined that employees had not been surveyed since 2003, and the Company had no current data on

employee attitudes, management practices, and other key elements of corporate culture. We certainly don't recall a rush to formally evaluate the above on any regular frequency, if at all.

If it were true that the financial well-being of each of us as employees is in a way tied to the well-being of American Water, we would not be seeing our benefits cut, and our wages in some cases frozen, while the stockholders continue to realize increases in dividends quarter after quarter. We don't however begrudge them of that, they are investors. Our members are also investors. They invest the majority of their lives working for a Company that has decided to reward the very employees that make the dividends and increasing profits possible, by rapping them of their benefits. It is again our members that enable the Company to continue to achieve the customer satisfaction and compliance records that they do. American Water is profitable in spite of itself...

We do not believe that the statement "...private profiteering" can and should be interpreted as meaning that the Company should not exist; but what benefit do the customers and employees realize from the top 7 executives receiving 12.5 million dollars? We work next to water and waste water authorities in many areas that provide a similar if not equal service without the corporate greed attached. Perhaps the customers in West Virginia should react as negatively as Mr. Sterba does in his response to the UWUA. It was Mr. Sterba that said during the annual meeting that American would invest their money in States that are willing to provide him and his Company a more favorable rate increase. They recently were quoted in the paper as saying they are not sure they will even continue with previously promised "Public-Private partnership money that some Counties were counting on. If this Company doesn't follow through with its commitments to government entities, how can the consumers or employees trust American Water? West Virginia American still sends 7 Million dollars in dividends to American Water; who grows here? West Virginia American Water paid out \$630,000.00 in bonuses, and then laid off 10 percent of the work force in in the State. Will the bonus recipients return the cash? **Apparently they didn't really earn it! The Company is failing.** It seems as if this group of executives is a little hypersensitive when receiving criticism. They want to hear from you, but only when you agree with them. Recently, a County Commissioner in West Virginia wrote these words to the West Virginia Public Service Commission. "I am extremely concerned that the Company's decision to layoff thirty-one (31) West Virginian workers represents an unquestionable retaliatory response to this Commission's refusal to grant all or most of the Company's recently-requested rate increase". The author of that statement, Mr. Kent Carper, is not a Union member, or employee, but he is an observant outsider that views this Company as do so many others. **Greedy!**

Part of the long term strategy of American Water is to grow their business, which has a number of effects on labor. They state that when they grow their business, they create jobs. They are however doing more work now with less people. In fact, it is a common Company demand across the Country for the Company to be able to contract out your work, thus creating work for others, not you. Putting pipe in the ground does mean the contractors are getting fat, nearly as fat as the top seven. Some of the smartest executives absorb the comments of their employees even if perceived to be negative, and learn from them. That doesn't seem to be the case here at American.

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They state that they are committed to work on relationship building and good faith efforts to partner with us, yet they strive to seek out the most anti-union management they can buy. For instance, the most recent addition to the PAWC Human Resource "fleet" prides himself on LinkedIn as having experience in "union avoidance campaigns". How can they make the statement, "These partnerships would generate jobs for other union members and could ultimately strengthen job security for those already employed at American Water". **Who were they writing to? Do you believe them? We don't. Do they sound genuine to you? They don't to us!**

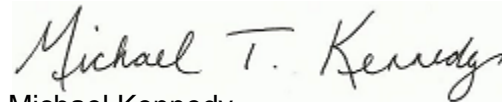
We understand that the undersigned in the Company response, "American Water Is Your Company" take exception to the actions of the UWUA, however, we do not! We take exception to the abhorrent behavior of American Water, Pennsylvania-American Water, and West Virginia American Water. As stewards of a commodity that is precious to life, we strive to make a fair living and earn decent benefits while providing a safe and reliable product to the customers that we respect.

We welcome and look forward to the day that American Water can earn the respect that its predecessor RWE had so deservedly earned and garnered. Only then will the relationships begin to heal, and the employees again are proud to say what company they work for.

Sincerely,



J. Kevin Booth
President UWUA, Local 537



Michael Kennedy
Vice-President UWUA, Local 537



Gregory R. Lanham
Vice-President UWUA, Local 537



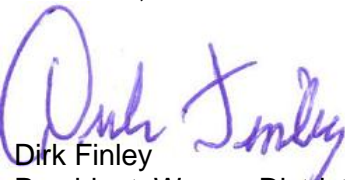
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Christopher Koschock
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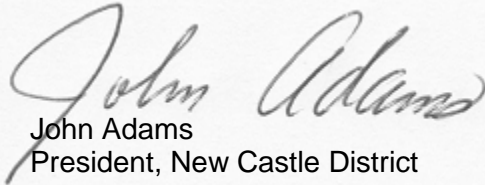
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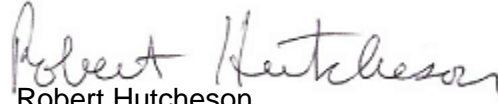
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