

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 2

CURRENT REPORT

Pursuant To Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 10, 1999

PHILADELPHIA SUBURBAN CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania ----- (State or other jurisdiction of incorporation)	1-6659 ----- (Commission File Number)	23-1702594 ----- (IRS Employer Identification Number)
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762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania ----- (Address of principal executive offices)	19010 ----- (Zip Code)
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(610) 527-8000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report.)

As indicated in the Registrant's Form 8-K as filed with the Securities and Exchange Commission on March 12, 1999 ("Form 8-K") and Amendment No. 1 to the Form 8-K as filed with the Commission on May 5, 1999 ("Amendment No. 1"), the financial and pro forma financial information required to be filed therewith would be filed not later than 60 days after March 12, 1999. Accordingly, this Amendment No. 2 to Form 8-K ("Amendment No. 2") amends and modifies Item 7 of the Form 8-K to read in its entirety as follows:

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The financial statements of Consumers Water Company for the period ended December 31, 1998 and the notes thereto, and the report of Arthur Andersen LLP, independent auditors, thereon were filed as Exhibit 7.1 to Amendment No. 1, and such Exhibit is incorporated herein by reference.

(b) Pro Forma Financial Information (Unaudited)

The pro forma condensed combined balance sheet (unaudited) as of December 31, 1998 and the pro forma combined statement of income (unaudited) for the three years ended December 31, 1998, 1997 and 1996 and the notes thereto, are filed as Exhibit 7.2 to this Amendment No. 2 and such Exhibit is incorporated herein by reference.

(c) Exhibits

7.1 Financial Statements of Consumers Water Company as of and for the year ended December 31, 1998.

7.2 Pro forma condensed combined balance sheet (unaudited) as of December 31, 1998 and the pro forma combined statement of income (unaudited) for the three years ended December 31, 1998, 1997 and 1996 and the notes thereto.

23.1 Consent of Arthur Andersen LLP

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHILADELPHIA SUBURBAN CORPORATION

Date: May 11, 1999

/s/ Roy H. Stahl

Name: Roy H. Stahl
Title: Senior Vice President and
General Counsel

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EXHIBIT INDEX

Exhibit	Page
7.1 Financial Statements of Consumers Water Company as of and for the year ended December 31, 1998. (Filed as Exhibit 7.1 to Current Report on Form 8-K/A, Amendment No. 1, dated May 5, 1999.)	--
7.2 Pro forma condensed combined balance sheet (unaudited) as of December 31, 1998 and the pro forma combined statement of income (unaudited) for the three years ended December 31, 1998, 1997 and 1996 and the notes thereto	5
23.1 Consent of Arthur Andersen LLP (Filed as Exhibit 23.1 to Current Report on Form 8-K/A, Amendment No. 1, dated May 5, 1999.)	--

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PHILADELPHIA SUBURBAN CORPORATION
PRO FORMA FINANCIAL INFORMATION

SUMMARY

On March 10, 1999, Philadelphia Suburban Corporation ("PSC" or the "Company") and Consumers Water Company ("CWC") completed a merger (the "Merger") whereby CWC was merged with and into a wholly-owned subsidiary of the Company. The Merger was effected pursuant to the June 27, 1998 merger agreement, which was amended and restated by the parties effective August 5, 1998. The Merger was completed after the transaction received the approvals from the state utility commissions in each state in which the companies operate. The shareholders of each company approved the Merger at special meetings held on November 16, 1998. Pursuant to the merger agreement, the Company issued 13,014,015 shares of common stock in exchange for all of the outstanding stock of CWC. CWC common shareholders received 1.432 shares of the Company's Common Stock for each CWC common share and CWC preferred shareholders received 5.649 shares of the Company's Common Stock for each preferred share. The Merger has been accounted for as a pooling-of-interests under Accounting Principles Board Opinion No. 16. CWC serves approximately 226,000 customers in service territories covering parts of Pennsylvania, Ohio, Illinois, New Jersey and Maine.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following historical financial information of PSC and CWC for fiscal years 1998, 1997 and 1996 presented herein has been derived from the audited consolidated financial statements of PSC and CWC and includes pro forma adjustments to give effect as if the Merger had been completed as of the beginning of the earliest period presented. For purposes of financial reporting, the Merger has been accounted for under the pooling-of-interests method of accounting. Accordingly, the assets and liabilities of PSC and CWC have been recorded at their historical amounts. This information is not necessarily indicative of the financial results that would have occurred had the Merger been consummated on the dates for which the Merger is being given effect, or the merged companies' future financial results.

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PHILADELPHIA SUBURBAN CORPORATION
PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 1998
(Amounts in thousands)
(Unaudited)

	PSC Historical	CWC Historical	Pro Forma Adjustments	Pro Forma Combined
Assets				
Property, plant and equipment, at cost	\$745,532	\$503,089	\$ --	\$1,248,621
Less accumulated depreciation	135,724	96,703	--	232,427
Net property, plant and equipment	609,808	406,386	--	1,016,194
Current assets:				
Cash	664	7,583	--	8,247
Accounts receivable and unbilled revenue, net	27,231	13,537	--	40,768
Inventory, materials and supplies	1,909	1,948	--	3,857
Prepayments and other current assets	1,152	5,874	--	7,026
Total current assets	30,956	28,942	--	59,898
Regulatory assets	53,578	4,119	--	57,697
Deferred charges and other assets, net	6,100	16,844	(3,368) (4)	19,576

	\$700,442	\$456,291	\$(3,368)	\$1,153,365
Liabilities and Stockholders' Equity				
Stockholders' equity:				
Cumulative preferred stock	\$ 3,220	\$ 1,044	\$(1,044) (1)	\$ 3,220
Common stock	14,130	9,020	(2,533) (2)	20,617
Capital in excess of par value	160,440	80,440	3,577 (3)	244,457
Retained earnings	66,447	25,236	(8,596) (4)	83,087
Minority interest	--	2,589	--	2,589
Treasury stock	(9,478)	--	--	(9,478)
Total stockholders' equity	234,759	118,329	(8,596)	344,492
Long-term debt, excluding current portion	261,826	151,483	--	413,309
Current liabilities:				
Loans payable and current portion of long-term debt	7,757	19,839	--	27,596
Accounts payable	16,694	8,554	--	25,248
Other accrued liabilities	19,397	25,780	5,228 (4)	50,405
Total current liabilities	43,848	54,173	5,228	103,249
Deferred credits and other liabilities:				
Deferred income taxes and investment tax credits	91,128	35,681	--	126,809
Customers' advances for construction and other	42,661	21,928	--	64,589
Total deferred credits and other liabilities	133,789	57,609	--	191,398
Contributions in aid of construction	26,220	74,697	--	100,917
	\$700,442	\$456,291	\$(3,368)	\$1,153,365

See accompanying notes to Pro Forma Condensed Combined Financial Statements.

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PHILADELPHIA SUBURBAN CORPORATION
PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1998
(Amounts in thousands, except per share amounts)
(Unaudited)

	PSC Historical	CWC Historical	Pro Forma Adjustments	Pro Forma Combined
Operating revenues	\$150,977	\$99,741	\$ --	\$250,718
Costs and expenses:				
Operations and maintenance	58,174	41,965	--	100,139
Depreciation	15,355	11,834	--	27,189
Amortization	734	1,541	--	2,275
Taxes other than income taxes	10,035	11,895	--	21,930
Total costs and expenses	84,298	67,235	--	151,533
Operating income	66,679	32,506	--	99,185
Interest expense	18,976	12,826	--	31,802
Gains on sales of properties	--	(6,733)	--	(6,733)
Other	(721)	(296)	--	(1,017)
Income from continuing operations before income taxes	48,424	26,709	--	75,133
Provision for income taxes	19,605	10,513	--	30,118
Income from continuing operations	\$ 28,819	\$16,196	\$ --	\$ 45,015
Income per share from continuing operations:				
Basic	\$ 1.04	\$ 1.80	\$ --	\$ 1.11
Diluted	\$ 1.03	\$ 1.80	\$ --	\$ 1.10
Average common shares outstanding during the period:				
Basic	27,408	9,005	3,949	40,362

Diluted

27,876	9,022	3,956	40,854
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See accompanying notes to Pro Forma Condensed Combined Financial Statements.

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PHILADELPHIA SUBURBAN CORPORATION
 PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1997
 (Amounts in thousands, except per share amounts)
 (Unaudited)

	PSC Historical	CWC Historical	Pro Forma Adjustments	Pro Forma Combined
Operating revenues	\$136,171	\$98,991	\$ --	\$235,162
Costs and expenses:				
Operations and maintenance	55,899	40,672	--	96,571
Depreciation	14,311	11,270	--	25,581
Amortization	269	2,127	--	2,396
Taxes other than income taxes	8,893	12,452	--	21,345
Total costs and expenses	79,372	66,521	--	145,893
Operating income	56,799	32,470	--	89,269
Interest expense	17,890	14,774	--	32,664
Gains on sales of properties	--	(690)	--	(690)
Other	(152)	(195)	--	(347)
Income from continuing operations before income taxes	39,061	18,581	--	57,642
Provision for income taxes	15,873	6,559	--	22,432
Income from continuing operations	\$ 23,188	\$12,022	\$ --	\$ 35,210
Income per share from continuing operations:				
Basic	\$ 0.89	\$ 1.36	\$ --	\$ 0.91
Diluted	\$ 0.88	\$ 1.36	\$ --	\$ 0.90
Average common shares outstanding during the period:				
Basic	25,908	8,857	3,885	38,650
Diluted	26,273	8,859	3,886	39,018

See accompanying notes to Pro Forma Condensed Combined Financial Statements.

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PHILADELPHIA SUBURBAN CORPORATION
 PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1996
 (Amounts in thousands, except per share amounts)
 (Unaudited)

	PSC Historical	CWC Historical	Pro Forma Adjustments	Pro Forma Combined
Operating revenues	\$122,503	\$93,810	\$ --	\$216,313
Costs and expenses:				
Operations and maintenance	51,615	41,325	--	92,940
Depreciation	13,068	10,128	--	23,196
Amortization	265	1,816	--	2,081
Taxes other than income taxes	8,265	11,823	--	20,088
Total costs and expenses	73,213	65,092	--	138,305
Operating income	49,290	28,718	--	78,008
Interest expense	15,311	14,163	--	29,474
Loss on sales of properties	--	342	--	342
Other	230	(592)	--	(362)
Income from continuing operations before income taxes	33,749	14,805	--	48,554
Provision for income taxes	13,971	5,379	--	19,350
Income from continuing operations	\$ 19,778	\$ 9,426	\$ --	\$ 29,204
Income per share from continuing operations:				
Basic	\$ 0.79	\$ 1.09	\$ --	\$ 0.78
Diluted	\$ 0.78	\$ 1.09	\$ --	\$ 0.77
Average common shares outstanding during the period:				
Basic	24,966	8,625	3,785	37,376
Diluted	25,262	8,628	3,786	37,676

See accompanying notes to Pro Forma Condensed Combined Financial Statements.

PHILADELPHIA SUBURBAN CORPORATION
NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(In thousands of dollars, except per share amounts)
(Unaudited)

Description of Transaction and Basis of Presentation

On March 10, 1999, PSC and CWC completed a Merger whereby CWC was merged with and into a wholly-owned subsidiary of the Company. The Merger was effected pursuant to the June 27, 1998 merger agreement, which was amended and restated by the parties effective August 5, 1998. The Merger was completed after the transaction received the approvals from the state utility commissions in each state in which the companies operate. The shareholders of each company approved the Merger at special meetings held on November 16, 1998.

Pursuant to the merger agreement, the Company issued 13,014,015 shares of common stock in exchange for all of the outstanding stock of CWC on March 10, 1999. CWC common shareholders received 1.432 shares of the Company's Common Stock for each CWC common share and CWC preferred shareholders received 5.649 shares of the Company's Common Stock for each preferred share. The Merger has been accounted for as a pooling-of-interests under Accounting Principles Board Opinion No. 16 and accordingly, PSC's historical consolidated financial statements subsequent to the Merger will be restated to include the accounts and results of CWC.

Financial Statement Classifications

As necessary for fair presentation of the pro forma financial statements, amounts previously reported by PSC and CWC have been reclassified for

consistency of presentation.

Pro Forma Adjustments

- (1) Redemption of CWC Preferred Stock (in exchange for PSC Common Stock).
- (2) The table below sets forth the pro forma adjustments to Common Stock:

	December 31, 1998	
	Number of Shares	Dollars in Thousands
Conversion of CWC Preferred Stock to PSC Common Stock	58,964	\$ 29
Less: Redemption of outstanding CWC Common Stock (in exchange for PSC Common Stock)	(9,020,037)	(9,020)
Amount of PSC Common Stock, par value \$0.50 per share, to be issued for CWC Common Stock	12,916,693	6,458
Pro forma adjustment to Common Stock	3,955,620	\$(2,533)
Historical balance of PSC Common Stock outstanding, par value \$0.50 per share	27,726,654	
Historical balance of CWC Common Stock outstanding, par value \$1.00 per share	9,020,037	
Pro forma historical balance of PSC Common Stock outstanding, par value \$0.50 per share	40,702,311	

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PHILADELPHIA SUBURBAN CORPORATION
NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)
(In thousands of dollars, except per share amounts)
(Unaudited)

The number of shares issued on the date of consummation of the Merger has been based on the number of shares of CWC Common Stock (9,046,824 shares) and CWC Preferred Stock (10,438 shares) outstanding on the date of consummation and the actual exchange ratio of 1.432 for the CWC common shares and 5.649 for the CWC preferred shares.

- (3) Reflects adjustment to capital in excess of par value resulting from the exchange of CWC Common Stock and CWC Preferred Stock for PSC Common Stock.
- (4) Reflects adjustment of \$8,596, net of tax benefits of \$1,525, for merger-related costs, consisting primarily of fees for investment bankers, attorneys, accountants, financial printing, other administrative charges and restructuring costs of \$2,462, net of tax benefits of \$1,325, that includes severance and other costs associated with the closing of CWC's corporate office. As of December 31, 1998, \$3,368 was paid and deferred by PSC and CWC and \$6,753 was incurred in the first quarter of 1999. The total merger transaction costs of \$10,121, less tax benefits of \$1,525, have been charged-off in the first quarter of 1999.

Pro Forma Income Per Share from Continuing Operations

Pro forma income per share from continuing operations gives effect to the exchange of CWC Common Stock and CWC Preferred Stock for PSC Common Stock based on the exchange ratio as described in the Description of Transaction and Basis of Presentation Footnote.

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