



PSC North Carolina Subsidiary Acquires Second Water System; Company names president, now serves more than 16,000

BRYN MAWR, Pa. Jan. 25, 2001 - Philadelphia Suburban Corporation (NYSE:PSC) today announced that its Consumers North Carolina subsidiary has merged with Hydraulics, Ltd. of Greensboro, a public water utility that serves approximately 16,000 residents in 22 counties surrounding the towns of Greensboro, Hickory, Raleigh and Gastonia. The merger represents the second water system acquisition for a PSC subsidiary in the North Carolina in less than two months. The acquisition is valued at approximately \$4.5 million.

Chairman of the North Carolina Public Utility Commission Jo Ann Sanford said, The North Carolina Utilities Commission has unanimously approved this merger, conditioned on provisions that provide protection for consumers. We welcome Philadelphia Suburban to the state as a major provider of water and sewer service.

PSC--which also has utility operations in Pennsylvania, Ohio, Illinois, New Jersey and Maine--announced its entry into North Carolina in early December 2000 when it purchased MidSouth Utilities, Inc. of Sherrills Ford, North Carolina, a public water and wastewater utility that will serve approximately 1,000 residents in Iredell County.

Ownership of MidSouth and Hydraulics makes Consumers North Carolina one of the largest private water utilities in the state.

PSC Chairman Nicholas DeBenedictis said, We are now in one of the fastest-growing areas of one of the nation's fastest-growing states and we are optimistic about our potential to expand our customer base in this region.

DeBenedictis also indicated that the purchase of Hydraulics is in line with the company's strategy for North Carolina. Our plan for North Carolina is consistent with the growth strategy we've employed in our other states. Once we establish a foothold, like we have done in North Carolina, our goal is to grow the company by purchasing other nearby water systems to increase revenues through customer growth and maximize our economies of scale with respect to operating costs.

In conjunction with the acquisition announcement, DeBenedictis announced that Manuel L. Perkins, former owner and President of Hydraulics, Ltd., will serve as president of its North Carolina operations. Manuel is a seasoned water professional who is respected in the region and has grown the company significantly, increasing revenues from \$250,000 annually when he purchased it back in 1985 to approximately \$2 million annually today. He is a great asset to our organization and we look forward to having him lead our North Carolina operation, said DeBenedictis.

PSC completed 17 similar growth ventures in 2000. The Hydraulics purchase is the second growth venture announced by PSC this year. Earlier this week, the company announced that its Consumers Pennsylvania subsidiary had received approval from the Pennsylvania Public Utility Commission to serve more than 1,000 residents in Mahoning Township, Lawrence County.

PSC is one of the nation's largest investor-owned water utilities serving nearly two million residents in Pennsylvania, Ohio, Illinois, New Jersey, Maine and North Carolina. PSC is a publicly-traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC and has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

Editors Note: This release contains certain forward-looking statements involving risks, uncertainties and other factors that may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors include, among others, the following: general economic business conditions; the success of certain cost containment initiatives, changes in project schedules, project contingencies and variations in water purchases; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.