Philadelphia Suburban Corporation Reports 10% Revenue Growth and Increased Income in First Quarter

BRYN MAWR, Pa. - May 2, 2000--Philadelphia Suburban Corporation (NYSE/PSC) today reported increased net income and earnings per share for the quarter ended March 31, 2000.

The Company cited strong revenue growth as a primary factor in the improvement, largely as a result of its growth-through-acquisition strategy, improved water sales and a 5 percent Distribution System Improvement Charge (DSIC) in place in Pennsylvania during the first quarter of 2000. Continued cost containment efforts and synergies associated with the PSC/Consumers corporate merger and a strong performance by the Consumers Water unit also contributed to these record net income results.

For the quarter, operating revenues increased to $64.5 million vs. the $58.6 million reported in 1999, up 10.1 percent. Net income increased to $10.2 million or $.25 per share, versus $316,000 or $.01 per share earned in the first quarter of 1999, which was adversely effected by a $8.6 million write-off of costs associated with the Consumers Water merger. The first quarter of 2000 diluted income per share of $.25 represents a 13.6 percent increase over the $.22 earned in the same period of 1999, before merger costs. Included in the results above is an after-tax gain on the sale of securities of $0.6 million in the first quarter of 2000.

Commenting on the results, PSC Chairman Nicholas DeBenedictis stated, As the water industry continues to consolidate at a rapid pace, we are pleased that our disciplined growth-through-acquisition model, and its related revenue growth, coupled with our steady control of operations and maintenance expenses, have combined to provide continued record earnings.

PSC's ongoing control over costs is evidenced by the further decline in the Company's operating expense ratio from 39.5 percent in 1999 to 38.4 percent on a trailing twelve month basis, ending March 31. March 10, 2000 marked the first anniversary of the PSC/Consumers Water merger which to date has achieved an annual run rate of $3.5 million in synergies.

During the first quarter of 2000, several growth ventures impacted results and continue to position PSC for further growth. The December 1999 purchase of Bensalem (Pennsylvania), one of the largest-ever purchases of a municipal water system, had a full period impact on results for the first quarter, as did several other smaller acquisitions.

While the Company received no major rate awards in 1999, both 2000 and 2001 will see substantial rate activity, necessary for the Company to continue its infrastructure rehabilitation and treatment plant modernization programs. Recently, our Pennsylvania subsidiaries (Philadelphia Suburban Water Company and the Consumers Pennsylvania Water companies) settled a joint rate request, which had been filed with the Pennsylvania Public Utility Commission in October, 1999. The settlement provides for additional annual revenues of $17 million (over the rate level in effect at the time of the filing - including DSIC amounts) effective April 28, 2000. Other rate requests have been made in Illinois, New Jersey and Maine and are presently pending before each state utility commission.

With our recent rate settlement in Pennsylvania, we are ensured a fair return on the nearly $200 million in capital expenditures made since our last rate request. We are confident that we'll be able to continue to improve our key facilities and infrastructure in an efficient manner, while creating value for our shareholders into the future, explained DeBenedictis.

PSC is the holding company for Philadelphia Suburban Water Company and Consumers Water Company, regulated public utilities that provide water to approximately two million residents in Pennsylvania, Ohio, New Jersey, Illinois and Maine. PSC's common shares are traded on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC.

The following table shows the comparative operating revenues, net income and net income per share for Philadelphia Suburban Corporation for the quarters ended March 31, 2000 and 1999 (in thousands, except per share amounts)

	(Unaudited) Quarter Ended March 31, 2000	Quarter Ended March 31, 1999
Operating Revenues	$64,510	$58,597
Income Before Merger Costs	$10,246	$ 8,912
Merger Costs (net of tax)		$(8,596)
Net Income Available to Common Stock	$10,246	$ 316

Income Per Common Share Before Merger Costs:		
Basic Income Per Common Share	$ .25	$ .22
Diluted Income Per Common Share	$ .25	$ .22
Net Income Per Common Share		
Basic Net Income Per Common Share	$ .25	$ .01
Diluted Net Income Per Common Share	$ .25	$ .01
Average Common Shares Outstanding:		
Basic	40,950	40,771
Diluted	41,256	41,285

Philadelphia Suburban Corporation and Subsidiaries
Consolidated Statements of Income and Comprehensive Income
(In thousands, except per share amounts)
(Unaudited)

	Quarter Ended March 31, 2000	1999
Operating revenues	$ 64,510	$ 58,597
Cost & expenses:		
Operations and maintenance	24,928	22,725
Depreciation	8,251	7,419
Amortization	270	420
Taxes other than income taxes	5,982	5,588
Restructuring costs	-	3,787
Total	39,431	39,939
Operating income	25,079	18,658
Interest expense, net	9,855	8,091
Gain on sale of securities	(1,061)	-
Minority interest	18	15
Allowance for funds used during construction	(734)	(388)
Merger transaction costs	-	6,334
Income before income taxes	17,001	4,606
Provision for income taxes	6,728	4,255
Net income	10,273	351
Dividends on preferred stock	27	35
Net income available to common stock	$ 10,246	$ 316
Net income	$ 10,273	$ 351

Other comprehensive income (loss), net of tax	(654)	-
Comprehensive income	$ 9,619	$ 351
Income per common share before merger costs		
Basic	$ 0.25	$ 0.22
Diluted	$ 0.25	$ 0.22
Net income per common share:		
Basic	$ 0.25	$ 0.01
Diluted	$ 0.25	$ 0.01
Average shares outstanding:		
Basic	40,950	40,771
Diluted	41,256	41,285

Philadelphia Suburban Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands of dollars, except per share amounts)

	(Unaudited) March 31, 2000	(Audited) December 31, 1999
Assets		
Property, plant and equipment, at cost	$ 1,406,557	$ 1,393,027
Less accumulated depreciation	259,735	257,663
Net property, plant and equipment	1,146,822	1,135,364
Current assets:		
Cash and cash equivalents	6,481	4,658
Accounts receivable and unbilled revenues, net	44,508	44,399
Inventory, materials and supplies	3,920	3,948
Prepayments and other current assets	4,518	6,520
Total current assets	59,427	59,525
Regulatory assets	58,236	58,287
Deferred charges and other assets, net	25,621	27,629
	$ 1,290,106	$ 1,280,805

Liabilities and Stockholders' Equity

Stockholders' equity:		
6.05% Series B cumulative preferred stock	$ 1,760	$ 1,760
Common stock at $.50 par value,		

authorized 100,000,000 shares, issued 41,721,366 and 41,627,644 in 2000 and 1999	20,861	20,814
Capital in excess of par value	252,899	251,440
Retained earnings	104,412	101,533
Minority interest	2,605	2,604
Treasury stock, 794,109 and 615,038 shares in 2000 and 1999	(14,665)	(11,270)
Accumulated other comprehensive income	1,366	2,020
Total stockholders' equity	369,238	368,901
Long-term debt, excluding current portion	429,232	413,752
Commitments	-	-
Current liabilities:		
Current portion of long-term debt	12,978	12,194
Loans payable	102,741	103,069
Accounts payable	13,291	24,286
Accrued interest	9,068	8,994
Accrued taxes	15,601	12,689
Other accrued liabilities	22,689	22,581
Total current liabilities	176,368	183,813
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	137,597	136,528
Customers' advances for construction	57,203	59,494
Other	6,928	8,434
Total deferred credits and other liabilities	201,728	204,456
Contributions in aid of construction	113,540	109,883
	$ 1,290,106	$ 1,280,805

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, including those arising from the merger; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.

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CONTACT: Philadelphia Suburban Corporation
Meg Grady, Director, Investor Relations, 610/645-1084

gradym@suburbanwater.com
or
Donna Alston, Director, Communications, 610/645-1095
or
www.suburbanwater.com

KEYWORD: PENNSYLVANIA ILLINOIS NEW JERSEY MAINE
INDUSTRY KEYWORD: UTILITIES EARNINGS