



Aqua America Chairman Expresses Concern over New Wave of Non-Utility Buyers

BRYN MAWR, Pa., Jun 27, 2005 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) Chairman and Chief Executive Officer Nicholas DeBenedictis today cautioned regulators about the growing presence of private-equity funds in the regulated utility market. He made the remarks at the 10th annual convention of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC), which is meeting in Hot Springs, VA.

"With the nation's water infrastructure in dire need of repair, we need companies that are in this business for the long haul," DeBenedictis told the MACRUC convention. "My concern stems from non-utility buyers who might bring a short-term investment horizon, therefore, not making major long-term investments needed for water quality improvement and replacing old pipes."

He noted that the utility industry is the most capital-intensive industry in the country, with water requiring more capital investment per dollar of revenue earned than all other utilities, according to statistics in the 2004 C.A. Turner Utility Report. On June 14, the U.S. Environmental Protection Agency issued a report that estimates \$277 billion will need to be invested over the next 20 years to upgrade and maintain the nation's water infrastructure.

Nearly 84 percent of the country's 50,000 water systems serve less than 3,300 people, according to the EPA. As state and federal water quality standards become more stringent, many of the small water systems will not be able to afford the required and mounting infrastructure improvements, said DeBenedictis.

"As more of these troubled systems come on the market, their customers will be best served if they're acquired and integrated into larger, well-managed systems with high professional standards," he said. "The long-term demands of our infrastructure are too great, and our water resources are too precious to put at risk. We need a steady, long-term investment policy to begin immediately."

Aqua America's subsidiaries in 13 states will invest approximately \$262 million in 2005 for main replacement projects, main cleaning and lining, plant upgrades, and other capital improvements.

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility, serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, New York, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the Company's growth-through-acquisition strategy, expected capital investment spending, the potential for additional customer growth from acquired operations, increased opportunities for economies of scale through acquisitions, and increased opportunities to invest and earn on infrastructure improvements. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our filings with the Securities and Exchange Commissions.

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