



## **Philadelphia Suburban Corporation Subsidiaries Approved to Serve Developments in North Carolina and Pennsylvania**

BRYN MAWR, Pa.--(BUSINESS WIRE)--Dec. 30, 2003--Philadelphia Suburban Corporation (NYSE:PSC) announced today that its North Carolina and Pennsylvania subsidiaries have received permission from the utility commissions in their respective states to expand their existing franchise territories and serve multiple new housing developments scheduled to be built over the next couple of years.

Hydraulics, Ltd. has received approval to gain expanded territories to serve numerous new developer systems that will provide water to more than 2,100 residents throughout the state. Of the 10 new franchise areas, two are in Gaston County--a suburb of Charlotte and the others are in Guilford and Rockingham counties--suburbs of Greensboro. Specifically, the developments are:

- New Chartwell, 150 residents in Guilford County
- Mallard Crossing, 175 residents in Gaston County
- Shadow Oaks, 300 residents in Gaston County
- Foxbury Meadows, 90 residents in Guilford County
- Hoyles Creek, 300 residents in Guilford County
- Springdale, 100 residents in Guilford County
- Providence North, 90 residents in Guilford County
- Hunting Ridge, 75 residents in Guilford County
- Triple Lakes, 260 residents in Guilford County
- River Run, 600 residents in Rockingham County

In addition, PSC's Pennsylvania subsidiary has received approval from the Pennsylvania Utility Commission (PUC) to serve the 600-resident Charlestown Meadows development in Chester County.

Philadelphia Suburban Corporation Chairman and CEO Nicholas DeBenedictis said, "While these transactions don't bring the large customer numbers of some other acquisitions, this strategy of seeking approval to serve developments prior to construction helps expand our service territory and secures our franchise position in areas where growth and economic development are taking place. There are more than 45,000 small water systems in the country, each of which serves less than 3,300 people. When you do the math, you see that there is tremendous growth potential in this unique segment of the water industry. Acquiring these small systems and integrating them into our existing state operations is a sound strategy for continued growth and maximizes our efficiencies."

In addition to the utility commission approved growth ventures announced today, PSC announced or completed 15 other such ventures in 2003.

1. March 2003 - Consumers New Jersey Water Company (CNJ) completed the purchase of the water system assets of Deep Well Terrace, which serves approximately 150 residents in North Hanover Township, Burlington County, New Jersey.
2. May 2003 - Consumers Illinois Water Company (CIWC) completed the purchase of the assets of the Village of Grant Park water system that serves approximately 1,500 residents in Grant

Park, Kankakee County.

3. July 2003 - PSC completed the previously announced acquisition of AquaSource Inc.--a subsidiary of DQE (NYSE:DQE)--for an estimated purchase price of approximately \$195 million in cash. The 130,000 customer acquisition expanded PSC's customer base by more than 20 percent and its operations to a total of 15 states. PSC now has operations in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky.
4. July 2003 - CIWC began serving the Prairie Trail and Enclave subdivisions in Lake County Indiana by way of an infrastructure extension of CIWC's existing Willowbrook infrastructure. The new housing developments add nearly 1,500 residents upon construction completion.
5. August 2003 - Pennsylvania Suburban Water Company (PSW) acquired the Jefferson Heights water system, serving approximately 450 residents in Jefferson Township, Lackawanna County.
6. August 2003 - PSW acquired Maple Crest water system, serving approximately 100 residents in Kingston Township, Luzerne County.
7. August 2003 - PSW purchased the assets of the Sunrise Estates and Windsor Farm water system, serving approximately 350 residents in Kingston Township, Luzerne County.
8. October 2003 - PSW purchased the water system assets of Cedar Lane Water Association, Inc. that provides water service to 95 residents in the development of the same name in Kingston Township, Luzerne County, PA.
9. November 2003 - PSW has purchased the water system assets of Pine Beach Water Supply that provides water service to 56 customers in a residential development of the same name located in Paupack Township, Wayne County, PA.
10. November 2003 - PSC announced that it had reached an agreement with ALLETE Water Services, a subsidiary of ALLETE, Inc. (NYSE:ALE), to acquire its water and wastewater systems, Heater Utilities, Inc., located in Cary, North Carolina. The systems add 47,000 water and 5,500 wastewater customers to PSC's base.
11. December 2003 - PSW completed the purchase of the water assets of the Pinecrest Lake water system, which serves more than 600 residents in Tobyhanna Township, Monroe County.
12. December 2003 - PSC's Suburban Wastewater subsidiary announced the acquisition of the Pinecrest Lake wastewater system serving more than 600 residents along with several commercial customers and a large regional high school.
13. December 2003 - CIWC announced the acquisition of the assets of the Oakview Avenue Water Works, providing service to 325 residents in Joilet Township, Will County, Illinois.
14. December 2003 - CIWC announced the acquisition of the assets

of the Village of Indianola water system, serving approximately 450 residents in Vermillion County Illinois.

15. December 2003 - PSC's North Carolina subsidiary, Hydraulics, Ltd. announced the purchase of the Forest Pines water system in Davidson, near Kannapolis, North Carolina serving approximately 75 residents.

PSC is the largest U.S.-based publicly-traded water utility serving approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. PSC is a publicly traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years. PSC announced earlier this year that it will change its name to Aqua America, Inc. and trade under the new ticker symbol, WTR. The name and ticker symbol change will take place at the close of the market on January 16, 2004.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that address, among other things, the effect of acquisitions, geographic diversity, possible synergies from acquired operations, and the expected timing of acquisitions. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: Regulatory approvals for the transaction; the risk that the acquired company's business will not be successfully integrated into PSC; the costs related to the transaction; the inability to obtain or meet conditions imposed for governmental approvals for the transaction; the risk that anticipated benefits will not be obtained or will not be obtained within the time anticipated; and other key factors that we have indicated could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Neither PSC nor ALLETE is under any obligation (and each expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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