



Aqua America Chairman: Investor-Owned Water Utilities Could Play Key Role in Resolving Nation's Water Infrastructure Needs

WASHINGTON, Feb 20, 2007 (BUSINESS WIRE) -- In a presentation to the National Association of Regulatory Utility Commissioners, Aqua America, Inc. (NYSE:WTR) Chairman and Chief Executive Officer Nicholas DeBenedictis suggested that investor-owned water utilities could play a key role in resolving the infrastructure needs of the nation's water industry. The remarks were made during the organization's annual conference, which is being held this week in Washington, D.C.

Citing the \$500 billion the U.S. Environmental Protection Agency (EPA) says is needed to upgrade the nation's water and wastewater infrastructure and the fact that 84 percent of the nation's 50,000 water systems serve less than 3,300 people, DeBenedictis said that given the right regulatory climate, large investor-owned utilities can get the job done. "Companies like Aqua America and other publicly traded utilities are ready to step up to the plate to address these issues," said DeBenedictis. "However, we must have a stable regulatory environment that provides a fair return on investment so that we can continue to attract investors to the industry."

DeBenedictis said that among the challenges faced by investor-owned water utilities today are the currently permitted low depreciation rates, which are not sufficient to adequately recover the major capital investments that are needed in the nation's infrastructure. "Water companies have the lowest depreciation rate of all the utilities. The cost of pipe replacement has increased significantly in recent years, while its historic depreciation is at very low levels compared to today's replacement costs," he said.

DeBenedictis explained that utility regulators have the ability to help the water industry address these challenges by providing incentives that will attract investors who, in turn, provide the capital necessary to address the infrastructure needs cited by EPA. "Among the proposed solutions are single-tariff pricing, infrastructure surcharges to help diminish regulatory lag, small system acquisition adjustments, and commodity cost adjustments for things such as other utility costs and property taxes," he said, noting that many states have already adopted some of these needed measures.

"Because water is an irreplaceable product for which there is no substitute, an efficiently run private water company will be able to attract investors more readily if these types of initiatives are in place," said DeBenedictis. "Ultimately, this will lead to lower borrowing costs for the rate payer, long-term stable investors for the industry, and safe, adequate service at just and reasonable rates."

Aqua America, Inc. is a U.S.-based publicly-traded water and wastewater utility holding company, serving approximately 2.8 million residents in Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

WTRG

SOURCE: Aqua America, Inc.

Aqua America, Inc.

Donna Alston

Director, Communications

610-645-1095

dpalston@aquaamerica.com

or

Terry Maenza

Sr. Communications Specialist

610-645-1175

tmmaenza@aquaamerica.com

Copyright Business Wire 2007

