



Aqua America Pennsylvania Subsidiary Completes \$72 Million in Low-Interest Financing for Water Infrastructure Projects; Interest Savings Estimated at \$3.4 Million

BRYN MAWR, Pa.--(BUSINESS WIRE)--May 17, 2005--Aqua America, Inc. (NYSE:WTR) announced today that its largest subsidiary--Aqua Pennsylvania, Inc. (Aqua)--has successfully completed arrangements for \$72 million in first mortgage bonds issued through the Delaware County Industrial Development Authority at effective yields of 4.87 percent, 4.88 percent and 4.89 percent, related to maturities in 2036 (\$22.0 million), 2037 (\$25.0 million) and 2038 (\$25.0 million), respectively. The loans will close on May 19, 2005.

Of the \$72 million, \$22 million will be used to refinance higher cost debt incurred for completed projects. The remaining \$50 million will be used for infrastructure improvement projects taking place throughout Southeastern Pennsylvania in 2005 and 2006.

"Our ability to access these funds allows us to enhance our capital program by reinvesting the savings in additional projects that will benefit our customers and on which we can earn a return for our shareholders," said Aqua America Chairman Nicholas DeBenedictis. "Furthermore, the reduction in interest expense helps to mitigate the amount of our rate requests, which is a benefit to our customers."

Since the company began its aggressive program to secure low-interest financing in 1999, the company has reduced its system-wide long-term interest rate from 7.4 percent to 5.9 percent on more than \$840 million of outstanding debt at March 31, 2005. The savings in interest expenses over the past five years has allowed the company to accelerate the pace of its capital improvements and continue to provide its growing customer base with quality water at reasonable costs."

Aqua America Treasurer Kathy Pape said she anticipates that the \$72 million in low-interest loans and tax-exempt bonds will have a long-term significant and positive impact on the company's interest expense. "Because the loans have 30 to 35-year terms, by locking in the historically low interest rates now, we estimate that compared to a taxable rate of approximately 6.2 percent, we are saving approximately \$32 million in interest expense over the life of these low-interest loans."

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 certain forward-looking statements involving risks, uncertainties and other factors that might 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: the successful completion of the company's low-interest financing program; the company's ability to realize the benefits from its low-interest financing; the effect of the low-interest financing on the company's interest expense; general economic business conditions; the success of certain cost containment initiatives; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.

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