



Aqua America Chairman: Private Ownership Could Solve Water Infrastructure Problem without Tax Dollars

Commends Pennsylvania for "leading the way" toward improvement

PHILADELPHIA, May 21, 2010 (BUSINESS WIRE) -- Speaking before an audience at the 3rd Annual Pennsylvania Infrastructure Summit yesterday, Aqua America, Inc. (NYSE: WTR) Chairman Nicholas DeBenedictis said that Pennsylvania has been "leading the way," in addressing the ability of private, investor-owned water and wastewater utilities to play the key role they have in fixing the deteriorating water and wastewater infrastructure.

"Pennsylvania has been a leader in addressing the necessary replacement of aging water mains in particular through its Distribution System Improvement Charge, which can be credited with enabling companies like Aqua Pennsylvania to replace more aging pipe, which has resulted in a reduction in lost water, fewer service interruptions, and minimized the amount of traditional rate requests," said DeBenedictis.

DeBenedictis said that many municipal systems face a particularly difficult challenge in today's economic environment when tax receipts are down and the needs are great. "Often times municipal officials, particularly those in elected positions, struggle with decisions to raise rates because rate increases are unpopular and there are competing interests including funding for police, fire and education." Also some municipalities are currently in limbo as they wait for federal grants which have not been forthcoming rather than accessing the capital markets while interest rates are low.

With investor-owned utilities, the improvements are paid for with ratepayer dollars and shareholder equity--not tax dollars. Citing his own company as an example he explained that, "Our low cost of debt and low operating cost structure has allowed Aqua Pennsylvania to invest more than three quarters of a billion dollars in infrastructure improvements over the last five years. We have the economies of scale, technological expertise and the access to low-cost capital to support capital programs of the magnitude necessary to take on a key role in solving this nation's water and infrastructure problems. Despite the size of Aqua Pennsylvania's three quarter billion dollar investment, the majority of our customers still pay about a penny per gallon for quality water delivered directly to their taps.

"By making these needed investments, we are delivering a return to both our customers--who benefit from a quality product and reliable service--as well as our shareholders, who benefit from the return on our prudent capital investments. There is also a benefit to the economy by providing businesses and communities with the sound water and wastewater infrastructure necessary for the economy to thrive."

To put the need for water and wastewater infrastructure into context, DeBenedictis referred to the U.S. Environmental Protection Agency (EPA) Drinking Water Infrastructure Needs Survey and Assessment, which estimates a 20-year capital investment need of \$334.8 billion for public water systems. He also referenced a January 2009 news release issued by the American Society of Civil Engineers (ASCE) titled **Failing Infrastructure Cannot Support A Healthy Economy**, in which the organization graded the nation's drinking water and wastewater systems a D- and estimated an annual shortfall of at least \$11 billion to replace aging facilities, which are near the end of their useful life, and to comply with existing and future federal water regulations.

Aqua America is a publicly traded water and wastewater utility holding company with operating subsidiaries serving approximately three million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, New York, Florida, Indiana, Virginia, Maine, Missouri, South Carolina and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

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SOURCE: Aqua America, Inc.

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