



Aqua America Chairman: Private Water and Wastewater Companies Poised to Address National Infrastructure Needs

BRYN MAWR, Pa., Sep 22, 2009 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE: WTR) Chairman Nicholas DeBenedictis said that investor-owned water and wastewater companies like Aqua could be the answer to the nation's crumbling water and wastewater systems. The remarks were made during a panel discussion at the 4th Annual Water Finance Conference sponsored by Financial Research Associates, in Washington, DC.

Putting the need in context, DeBenedictis pointed 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 that are near the end of their useful life and to comply with existing and future federal water regulations.

Citing Aqua America as an example of how private water and wastewater utilities can address the issue, DeBenedictis said the company has used its A+ Standard & Poor's corporate credit rating at Aqua Pennsylvania, its largest subsidiary to secure the financing necessary to maintain its capital program. Aqua has invested \$1.2 billion on capital improvements during the 5-year period 2004 - 2008, and will have completed another \$300 million by year-end 2009. The vast majority of water utilities are rated A- or better by Standard & Poor's while nearly three of four electric utilities are BBB+ or worse.

"We are continuing to fuel our capital programs and make these needed investments by using our strong credit position and balance sheet, to access the capital markets at low interest rates--even throughout the financial crisis," said DeBenedictis. "As municipalities juggle multiple priorities including social programs, police, education and underfunded pensions, private water and wastewater utilities are solely focused on water quality and service reliability. 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 with the sound water and wastewater infrastructure necessary for their businesses to thrive."

DeBenedictis added that the company is also benefiting from the current market in the form of low interest rates and low pricing on bids for its construction work (on average 18 percent below original estimates) as well as better pricing on some materials. For example, in July, Aqua announced that Aqua Pennsylvania Inc., issued \$58 million in tax-exempt First Mortgage bonds with a coupon rate of 5.0 percent and a yield of 5.23 percent maturing in 2039. The low cost of debt, a direct result of the company's strong credit rating and better pricing has allowed Aqua to build and replace more water and wastewater infrastructure within its capital budget than utilities with weaker balance sheets.

"We are basically creating our own economic stimulus," said DeBenedictis. "Many people think because we are a water and wastewater utility that we are getting free money like the municipal systems. In all of our 13 operations, there is only one project in Maine that used the government's Economic Stimulus money. Otherwise, we have the benefit of accelerated tax depreciation, which has provided Aqua \$30 million in cash in 2008 and is projected to provide \$38 million in 2009, to help advance our capital program. If well-capitalized private companies like Aqua America are allowed to compete on a level playing field with the municipal water market segment by continuing to qualify for low-interest and tax-free financing, we can make a significant difference in advancing the effort to improve our nation's water and wastewater infrastructure."

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

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including the Company's continuation of its strategy for infrastructure improvements, the impact of infrastructure improvements on customers and shareholders, the Company's projected capital expenditures for 2009, the effect of the Company's credit position and balance sheet on its access to capital markets and interest rates, the projected cash benefit from accelerated depreciation in 2009, and the role of private water utilities in addressing the nation's water infrastructure. There are important factors that could cause the actual results to differ materially from those expressed or implied by such

forward-looking statements including among others, the company's ability to access low-interest and tax-exempt financing programs; the company's ability to realize the benefits from low-interest or tax-exempt financing; the effect of the low-interest financing on the company's interest expense; the company's ability to successfully complete its infrastructure projects; general economic business conditions; changes in regulations or regulatory treatment; availability and cost of capital; and other factors discussed in our Annual Report or Form 10-K for the fiscal year ended December 31, 2008, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

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