



Philadelphia Suburban Increases Customer Base by 20 Percent in 2003; Growth-Through-Acquisition Strategy Continues Expansion Momentum

BRYN MAWR, Pa.--(BUSINESS WIRE)--Jan. 6, 2004--Philadelphia Suburban Corporation (NYSE:PSC) announced today that customer growth in 2003 increased by more than 20 percent--one of its best years for growth. This year's significant customer growth is due to a commitment to the growth-through-acquisition that the company began more than 10 years ago. The combined acquisitions of smaller systems throughout its existing service territory, along with this summer's larger acquisition of AquaSource Utility, Inc. from DQE, resulted in the strong year-end customer numbers.

PSC's Vice President of Corporate Development, Mark J. Kropilak said, "We are pleased with the strong growth for this year. While the acquisition of the AquaSource systems, which put us in nine new states and added 130,000 customers, was clearly the pinnacle of this year's acquisition efforts, the numerous smaller 'tuck-in' acquisitions continue to be an important part of our growth efforts as they allow us to continue to expand on the more significant growth we gain from the larger acquisitions.

PSC Chairman Nick DeBenedictis said, "This has been an exciting year for PSC and its newly-structured corporate development department. The balance of smaller system acquisitions coupled with a few larger acquisitions has made for sound strategy for the company, and we look forward to continued growth in 2004."

In addition to its completed growth ventures, PSC announced an agreement to acquire Heater Utilities, a 52,000-customer water and wastewater system in North Carolina, which it expects to close later this year. PSC announced or completed the following growth 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.

16. December 2003 - Hydraulics, Ltd. received approval to gain numerous expanded territories to serve 10 new developer systems that will provide water to more than 2,100 residents throughout the state.
17. December 2003 - PSW announced receipt of approval from the Pennsylvania Utility Commission (PUC) to serve the 600-resident Charlestown Meadows development in Chester County.
18. December 2003 - Consumers Ohio Water Company was awarded a three-year contract to operate the water system serving the unincorporated areas of Ashtabula County in Northeastern Ohio.
19. December 2004 - PSW's Suburban Wastewater subsidiary announced the acquisition of the Woodloch Pines wastewater system serving a 250-acre family-resort in Pike County, Pennsylvania.

Philadelphia Suburban Corporation is the nation's largest U.S.-based publicly-traded water utility, serving approximately 2.5 million residents in Pennsylvania, New Jersey, Illinois, Ohio, Maine, Indiana, Texas, Virginia, Florida, Missouri, Kentucky and North and South Carolina. On January 16 at 11:59 p.m., PSC will change its name to Aqua America, Inc. and its ticker symbol to WTR. Because of the Martin Luther King holiday, the company will begin trading under its new ticker symbol, WTR, on Tuesday, January 20, 2004.

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