



Aqua Pennsylvania Files Rate Request; With Increase, Cost for Water Remains One Cent Per Gallon

BRYN MAWR, Pa., Nov 18, 2005 (BUSINESS WIRE) -- Aqua Pennsylvania, Inc. (Aqua) filed an application with the Pennsylvania Public Utility Commission (PUC) today requesting a \$5.44 a month (18 cents a day) increase in rates for a typical residential customer. Although the request--which would bring a typical monthly residential bill to \$43.30--asks that the new rates become effective January 18, 2006, the PUC typically suspends such requests for up to nine months (August 18, 2006) to permit a complete investigation and analysis.

Aqua Vice President Kathy Pape said that the primary reason for the rate request is the quarter billion dollars the company has invested in capital improvements since its last rate request and that approximately 80 percent of the company's request is related to its capital investment. "We've invested \$274.5 million for capital improvement projects throughout the state over the last two years," explained Pape. "The money has been spent on the replacement of aging water pipes and the construction of storage tanks to provide improved water pressure and fire protection and reliable service. Aqua also made major upgrades to its water treatment facilities to continue to meet all Environmental Protection Agency (EPA) standards, and installed a new state-of-the-art radio frequency metering system for efficiency and convenience. With 400,000 customers throughout Pennsylvania, that's an average investment of about \$685 per customer--much more than most residential customers pay annually for water."

According to the EPA, over the next 20 years, the nation's water systems need to invest about \$277 billion for pipes, tanks, valves and treatment plants. Pape said that Aqua has taken a proactive approach to this nationwide problem by systematically replacing about one percent of its distribution system annually. Additionally, its treatment plants and other facilities are upgraded and maintained on a regular basis.

"We believe it's less expensive to make regular, ongoing improvements rather than defer maintenance and run the risk of water quality and service reliability issues in the future. Our customers benefit from our proactive approach, which increases reliability by reducing the potential for service interruptions," said Pape. "I suspect very few of our 400,000 customers can recall the last time they were without water."

If the PUC were to grant the entire request, a typical Aqua residential customer would still be able to have a day's worth of water (approximately 150 gallons) for approximately \$1.45--less than the cost of one liter of premium bottled water. Pape noted that, "Even if the commission were to grant our entire increase, customers would still be able to have water delivered directly to their taps for one penny per gallon."

The total annual revenue request for Aqua, which serves a total of 1.4 million residents throughout the state, is \$38.8 million.

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SOURCE: Aqua America, Inc.

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