



Philadelphia Suburban Corporation Subsidiary has Its A+ Credit Rating Affirmed by Standard & Poor's

BRYN MAWR, Pa. Dec. 14, 2000 - Philadelphia Suburban Corporation (NYSE:PSC) announced today that Standard and Poor's has affirmed the corporate credit rating and first mortgage bonds rating of its largest subsidiary, Philadelphia Suburban Water Company (PSW).

Standard & Poor's affirmed its A+ corporate credit rating and AA- first mortgage bond rating on PSW, which has operations in southeastern Pennsylvania west and north of Philadelphia. Additionally, Standard & Poor's affirmed PSW's stable outlook.

In its credit report, Standard & Poor's states that PSW's ratings ...reflect the company's above average business position characterized by a supportive regulatory environment, ample and quality water supplies, and efficient operations.

The ratings further reflect a financial profile that is strong for the rating category and a disciplined management team that focuses on growth through acquisitions.

The company's disciplined acquisition approach and judicious capital spending have contributed to a strong financial profile.

Although PSC usually pursues small utility companies whose operations can be easily integrated with those of Philadelphia Suburban Water, in 1999, PSC merged with Consumers Water Co. The merger expanded the company's presence in Pennsylvania, added operations in four states, and provided significant regulatory and operating diversification. Furthermore, the merger provided opportunities for cost reductions in the areas of purchasing and overhead functions. These cost reduction opportunities partly mitigate the amounts that need to be recovered in rates, making rate filings less frequent.

The stable outlook reflects Philadelphia Suburban Water's strong competitive position, expectations of continued regulatory support and adequate rate relief to recover capital investments, and good growth prospects supported by further disciplined acquisitions. Standard and Poor's expects that Philadelphia Suburban Water will fund such acquisitions in a manner that will not pressure the company's financial profile.

PSC Chairman Nicholas DeBenedictis said the agency's report captures an accurate picture of the company and its approach to business. We've worked hard over the past several years to grow revenues through acquisitions, cut expenses, and improve efficiencies to ameliorate rate increase pressure and make prudent investments in capital. I believe our business approach has worked well for our customers and shareholders and I'm glad to see that Standard and Poor's ratings reflect a position of confidence in our approach.

PSC is one of the nation's largest investor-owned water utilities serving nearly two million residents in Pennsylvania, Ohio, Illinois, New Jersey and Maine.

PSC is a publicly-traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC and has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

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