



PSC Subsidiary Buys Prison Water Supply; 25 Growth Ventures Completed By PSC In 2002 - A New Record

BRYN MAWR, Pa.--(BUSINESS WIRE)--Jan. 3, 2003--Philadelphia Suburban Corporation (NYSE:PSC) announced that its Pennsylvania operating subsidiary purchased at year's end the water supply for the State Correctional Institution at Waymart (SCI), positioning the company to serve more than 1,300 inmates in Canaan Township, Wayne County, for \$727,000.

The company has already begun construction of an 8,500-foot pipeline that will connect the existing SCI water source to a new Federal prison, also in Canaan Township, which is currently under construction and will house approximately 1,500 inmates.

In a land transfer specifically authorized by state legislation, PSC has purchased 390 acres of land, a two million gallon reservoir and two wells that serve the state prison. PSC has also secured a \$1.5 million low interest PennVest loan to upgrade the facilities and provide an interconnecting water system between the state prison and the new federal facility.

Capital repairs are being made to the pumps, motors, electrical wiring and chlorination equipment. With these repairs, both SCI and the new Federal prison will be in compliance with all state drinking water standards.

"This acquisition is a win-win for everyone involved," said PSC Chairman Nicholas DeBenedictis. "By purchasing the water source and making the necessary improvements, we are able to spare the state prison more capital expenditures and reduce their operating expenses while delivering a quality water supply to the SCI population. Taxpayers will save money through our use of a low-interest loan to make the improvements. For PSC, the benefit is an additional 2,800 'customers.'"

DeBenedictis also pointed out the fact that the company will realize operating cost efficiencies by connecting the existing state prison water system to that of the new Federal prison and sharing a common source of supply.

This acquisition is the twenty-seventh growth venture announced by the company in 2002. Two are mergers - Pennichuck and portions of AquaSource, Inc. - which have been announced but have not yet closed. The others are listed below.

- 1. January 2002 - Philadelphia Suburban Water Company (PSW) agreed to provide water service to the Pennsylvania State Correctional Institute (SCI Forest) that is under construction near Marienville in Jenks Township, Forest County. The prison will house up to 2,000 inmates.
- 2. February 2002 - PSW purchased the water system assets of Citizens Water Company of Wapwallopen, which serves approximately 180 residents in Conygham Township, Luzerne County.
- 3. February 2002 - Consumers New Jersey Water Company completed the purchase of the water system assets of the Bunnvale Mutual Water Association, which serves approximately 300 residents in Lebanon Township, Hunterdon County.
- 4. March 2002 - PSC's Consumers Pennsylvania Water Company subsidiary purchased the water and wastewater system assets of the White Haven Municipal Authority, serving nearly 3,000 residents in Luzerne and Carbon counties.
- 5. April 2002 - PSC's Suburban Environmental Services (SES) subsidiary entered into a one-year contract with Foster Township, Luzerne County, to provide operations and maintenance services for the Hickory Hills wastewater collection and treatment facilities (approximately 850 residents) and the Ag-Mar Village Estates wastewater collection and treatment facilities (approximately 300 residents).
- 6. April 2002 - Hydraulics Ltd., PSC's North Carolina subsidiary acquired by merger the Piedmont Water Company Inc., a private utility serving more than 10,000 residents in Iredell and Catawba counties in North Carolina. The acquisition is valued at \$1.36 million.
- 7. April 2002 - PSC and Pennichuck Corporation (NASDAQ: PNNW) of Nashua, NH announced they have entered a definitive merger for a stock transaction which, including the assumption of \$27 million of debt, has a total enterprise value of approximately \$106 million. Pennichuck currently serves approximately 30,000 customers (120,000 residents) in 23 communities throughout southern New Hampshire.

- 8. April 2002 - PSC's Suburban Environmental Services (SES) subsidiary entered into an operations and management contract with Split Rock wastewater system which serves approximately 1,200 residents in Kidder Township, Carbon County.
- 9. May 2002 - Consumers Pennsylvania Water Company (CWC) purchased the water system assets of the Schickshinny Lake Property Owner's Association, which serves 350 residents in Union Township, Luzerne County. CWC had been operating the system since September 2001 under an operations and management agreement.
- 10. May 2002 - Hydraulics Ltd., PSC's North Carolina subsidiary acquired the Goss water system, a private utility with six water systems in eastern North Carolina that serve 850 residents in Durham, Chatham, and Person counties.
- 11. June 2002 - Pennsylvania Suburban Water Company acquired National Utilities, Inc., a private utility serving nearly 9,000 residents in Lackawanna, Luzerne, Monroe, Susquehanna and Wyoming counties.
- 12. July 2002 - Consumers Illinois Water Company (CIWC) acquired Vermilion County Airport (Airport), a groundwater system serving eight businesses near Danville, Illinois.
- 13. July 2002 - PSC reached an agreement with DQE, Inc. (NYSE:DQE) and its subsidiary AquaSource, Inc. (AquaSource) to purchase AquaSource's investor-owned water and wastewater systems. PSC will also assume selected integrated operating and maintenance contract operations in seven states in which the water and wastewater operations being acquired are located.
- 14. July 2002 - Pennsylvania Suburban Water Company acquired Rolling Green Water Company serving nearly 1,300 residents in Monroe Township, Snyder County.
- 15. July 2002 - Consumers Pennsylvania Water Company White Haven Division entered into an operations and management contract with Tambur Water Systems to operate the Tambur's Waterworks, Hex Acres Water Company and Barrett Water Company, in Exeter Township, Luzerne County, which collectively serve approximately 500 residents.
- 16. July 2002 -- Consumers Pennsylvania Water Company Roaring Creek Division entered into an operations and management contract with Meribah Water Company in Delaware Township, Juniata County, which serves approximately 150 residents.
- 17. August 2002 -- Pennsylvania Suburban Water Company acquired the Monroe Manor Water Company, a private utility serving nearly 840 residents in Monroe Township, Snyder County.
- 18. August 2002 -- Consumers Pennsylvania Water Company (Consumers) purchased the water system formerly owned by The Ariana Corporation, which serves approximately 60 residents in Moore Township, Northampton County, Pennsylvania.
- 19. October 2002 - Suburban Wastewater Company purchased the Bridlewood wastewater system that serves approximately 1,500 residents of the Brandywine at Thornbury Community in Thornbury Township, Chester County.
- 20. October 2002 - PSC's Suburban Environmental Services (SES) subsidiary entered into a 10-year operations and management contract with Springton Pointe Homeowners Association to operate their wastewater system, which serves approximately 360 residents.
- 21. October 2002 - Consumers Pennsylvania Water Company White Haven Division entered into an operations and management contract with the Cedar Lane Water Association, Inc. to operate the water system for the housing development of the same name in Kingston Township, Luzerne County, which serves approximately 90 residents.
- 22. October 2002 - Consumers Ohio Water Company (COWC) purchased the water system formerly owned by Shepard Hills Water Company, which serves approximately 900 residents in Sagamore Hills, Summit County, Ohio.
- 23. November 2002 - Consumers Pennsylvania Water Company White Haven Division entered into an operations and management contract with Maple Crest Water Company, which serves approximately 90 residents in Kingston Township, Juniata County.
- 24. November 2002 - Consumers Pennsylvania Water Company acquired White Rock Water Systems, which serves about 825 residents in Monroe Township, Cumberland County, Pa. The system will be operated out of Consumers Pennsylvania Water Company's Shamokin office.

- 25. November 2002 - Consumers Pennsylvania Water Company acquired Deer Lake West Brunswick (D.L.W.B.) Water Systems, Inc., which serves about 90 residents in Deer Lake Borough and West Brunswick Township, Schuylkill County. The system will be operated out of Consumers Pennsylvania Water Company's White Haven office.
- 26. December 2002 - Consumers New Jersey Water Company purchased the assets of the Brainards Mutual Water Association, serving approximately 150 residents in Harmony Township, Warren County.

PSC is the holding company for regulated public utilities that provide water and wastewater services to approximately two million residents in Pennsylvania, Ohio, Illinois, New Jersey, Maine, and North Carolina.

PSC's common shares are traded on both the New York and Philadelphia Stock Exchanges under the ticker symbol "PSC". The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

This press release contains forward-looking statements. These forward-looking statements are found in various places throughout this press release and include, without limitation, statements regarding the expected benefits of the acquisition and future growth.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business and the benefits of the acquisition, a number of risks, uncertainties, and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, the risk that anticipated benefits from the acquisition will not be obtained or not obtained within the time anticipated, our projections for continued growth and other key factors that could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission.

PSC is not under any obligation (and each expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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