



Aqua America Chairman Urges Consolidation, Privatization at Water Industry Forum

BRYN MAWR, Pa., Apr 06, 2005 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) Chairman and Chief Executive Officer Nicholas DeBenedictis called for broader consolidation and privatization of the U.S. water industry to meet the demands of increasing environmental demands and a growing population. The remarks were made during DeBenedictis' address to the Water Executive Forum at the Pennsylvania Convention Center in Philadelphia. The April 5-6 event has attracted officials from the nation's leading water and wastewater organizations.

Speaking on the demographics of the water industry, DeBenedictis said, "Since 1950, the population has doubled and water use has tripled, but most of our communities are relying on an aging, terribly inefficient infrastructure. We have to face the fact that demand for water will only increase over time, the supply is finite, and we have far too many systems that are too small and inefficient to keep pace."

According to the Environmental Protection Agency, the U.S. has more than 50,000 community water systems in operation, with nearly 84 percent of these systems serving less than 3,300 people. Furthermore, a study by the American Society of Civil Engineers graded the nation's water infrastructure a "D-minus."

"Estimates range from \$150 billion to \$1 trillion to make the necessary infrastructure improvements, but federal and state money is shrinking for municipalities that need to make these investments," he said. "Small operators also must meet tougher regulatory standards, putting them under financial pressure."

Through consolidation, the water industry can institute better management practices and achieve economies of scale. He said, "More efficient water operations also benefit customers by keeping rates low. For municipalities, privatization promises lower costs, better services, and, in some cases, increased tax revenues by selling or outsourcing the management of their systems."

Furthermore, DeBenedictis said Aqua America is capitalizing on these trends to grow its business. "We closed 29 acquisitions last year, bringing approximately 85,000 new accounts into our customer base. These included large, platform-building acquisitions across several states, as well as small, tuck-in purchases to consolidate and widen our footprint in existing service areas. These acquisitions help grow earnings by providing us with additional opportunities to institute best practices that make the operations more cost-efficient. In addition, we prudently invest needed capital and then earn a fair return on our investment through the rate process."

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility, serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, New York, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the Company's growth-through-acquisition strategy, the earnings potential from acquisitions, the potential for additional customer growth from acquired operations and increased opportunities to invest and earn on infrastructure improvements. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our filings with the Securities and Exchange Commissions.

SOURCE: Aqua America, Inc.

Aqua America, Inc.
Terry Maenza
610-645-1175
tmmaenza@aquaamerica.com
or
Cheryl Hansen
610-645-1084
clhansen@aquaamerica.com