



Philadelphia Suburban to Sell AquaSource Connecticut and New York Operations After Closing with DQE and Receipt of Regulatory Approvals

Birmingham Utilities of Ansonia, CT to Become New Owner

BRYN MAWR, Pa., May 20, 2003 (BUSINESS WIRE) -- Philadelphia Suburban Corporation (NYSE:PSC), announced today that it has reached an agreement of sale with Birmingham Utilities, Inc. and Birmingham H2O Services, Inc., wholly-owned subsidiaries of BIW Limited (BIW:AMEX)--an investor-owned water utility based in Ansonia, Connecticut --to sell the regulated and non-regulated Connecticut operations and the regulated New York operations of AquaSource, Inc. to Birmingham for an aggregate purchase price of approximately \$5 million.

The sale is contingent upon the successful closing of PSC's purchase of AquaSource utility systems (which include the Connecticut and New York operations) pursuant to the previously announced purchase agreement with DQE, Inc. (NYSE:DQE). That closing is expected to take place in the third quarter.

In July 2002, PSC announced that it had reached an agreement with DQE, Inc. (NYSE:DQE) and its subsidiary AquaSource, Inc. (AquaSource) to purchase AquaSource's investor-owned water and wastewater systems and assume selected integrated operating and maintenance contracts.

The sale of the Connecticut and New York regulated AquaSource operations to Birmingham Utilities is subject to state regulatory approvals. PSC recently received regulatory approval from Connecticut and New York to purchase these systems from DQE.

However, PSC's purchase of the AquaSource utility systems requires the regulatory approvals in 10 jurisdictions, nine of which have already been secured. PSC and DQE are awaiting regulatory approval from the New Jersey Board of Public Utilities

PSC Chairman Nicholas DeBenedictis said that the pending sale of the Connecticut and New York operations makes sense because of their small size in comparison to the other AquaSource systems and the fact that PSC also has no other utility operations in those states. "Collectively, the regulated AquaSource operations we are purchasing serve approximately 130,000 customer accounts, the vast majority of which are in Texas, Florida, Virginia, Indiana, North Carolina, New Jersey and Missouri. Connecticut and New York together make up a small part of the entire AquaSource system with just 2,100 and 1,100 customers respectively," said DeBenedictis. "With such a small customer complement and no existing PSC operations in those states, it didn't make much sense for us to apply the resources necessary to manage those operations--particularly with a willing and capable buyer like Birmingham that already has operations in the area and can take advantage of its local economy of scale and knowledge."

Birmingham Utilities, Inc. has been in operation since 1859 and currently serves more than 9,000 customers in Ansonia, Derby and small parts of the contiguous Town of Seymour. While PSC and Birmingham will work toward closing the transactions immediately after PSC's purchase of the AquaSource, Inc. companies, the transactions require regulatory approval of utility commissions in both states.

PSC is the largest U.S.-based investor-owned water utility serving approximately two million residents in Pennsylvania, Ohio, Illinois, New Jersey, Maine, and North Carolina. PSC is a publicly traded company listed 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 timing and benefits of the acquisition and sale.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business and the timing and 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, regulatory approvals for the transaction; the costs related to the transaction; the inability to obtain or meet conditions imposed for governmental approvals for the transaction; the risk that anticipated benefits will not be obtained or will not be obtained within the time anticipated; 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.

Neither PSC nor BIW Limited is 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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