



Philadelphia Suburban Completes Regulatory Approval Process for Acquisition of AquaSource; New Jersey Board of Public Utilities Provides Final Regulatory Approval

BRYN MAWR, Pa.--(BUSINESS WIRE)--May 21, 2003--Philadelphia Suburban Corporation (NYSE:PSC), the nation's largest investor-owned water utility based in the U.S., announced that it has completed the regulatory approval process for its pending acquisition of AquaSource Inc.'s investor-owned water and wastewater systems as part of its agreement with DQE, Inc. (NYSE:DQE) and its subsidiary AquaSource, Inc.

The final required regulatory approval came yesterday when the New Jersey Board of Public Utilities approved PSC's Consumers New Jersey Water Company subsidiary to acquire the stock of Maxim Sewerage Corporation (owned by AquaSource Utilities, Inc.), as part of PSC's acquisition of the stock of AquaSource Utilities, Inc. Maxim serves approximately 2,500 accounts (7,500 residents) in New Jersey.

"With the regulatory approvals behind us, we can now move full speed ahead to close this deal," said PSC Chairman Nicholas DeBenedictis. "We want to commend the commission staff and ratepayer advocate in New Jersey for their diligence in reviewing and granting our request."

In total, PSC received required regulatory approvals in 10 states: Texas, Florida (where three approvals were required), Virginia, North Carolina, South Carolina, New York, New Jersey, Connecticut, Missouri and Kentucky.

PSC originally announced its purchase agreement with DQE and AquaSource Inc. in July 2002. The agreement provides for a target cash purchase price of approximately \$205 million. The final purchase price could vary from \$180 to \$215 million, as various purchase price adjustments are applied.

These adjustments relate to the achievement of certain specific operating performance metrics, involving revenue, rate base and projected customer connections.

"Our pending acquisition of AquaSource is significant in that it will increase our customer base by more than 20 percent and expand our service territory to 13 states," said DeBenedictis. "Combined with PSC's existing service territory, this acquisition will give PSC greater geographic and regulatory diversity and provide new service areas in the southern, mid-Atlantic and mid-western United States. We are looking forward to implementing our successful growth-through-acquisition strategy in the new fast-growing areas of Texas, Florida, Virginia and North Carolina in particular."

PSC anticipates closing the deal on track with its original target during the third quarter.

PSC will operate in 15 states at the time of closing but announced yesterday 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) of Ansonia, Connecticut to sell the Connecticut and New York AquaSource operations upon closing. That transaction will require state regulatory approval.

PSC is currently the largest U.S.-based, investor-owned water utility in the country, serving approximately two million residents in six states: Pennsylvania, Ohio, Illinois, New Jersey, North Carolina and Maine.

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.

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 risk that the acquired company's business will not be successfully integrated into PSC; the inability to obtain or meet conditions imposed for governmental approvals for the transaction; and other key factors that we have indicated 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

Editor's Note: PSC Chairman Nicholas DeBenedictis is available for broadcast and print media interviews throughout the day.

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