



Philadelphia Suburban Corporation --PSC-- Acquires AquaSource Water and Wastewater Utilities, Now Operating in 15 States

Company uses \$135 million of unsecured debt to complete deal

BRYN MAWR, Pa.--(BUSINESS WIRE)--July 31, 2003--Philadelphia Suburban Corporation (NYSE:PSC) announced today that it completed a major acquisition of one of the largest remaining U.S. water companies, when it purchased the investor-owned water and wastewater systems of AquaSource Inc.--a subsidiary of DQE (NYSE:DQE)--for an estimated purchase price of approximately \$195 million in cash. The final purchase price could vary as purchase price adjustments are applied post-closing. These adjustments are based on the achievement of specific performance measures, including revenue, rate base and customer connections, as well as working capital.

The acquisition expands PSC's customer base by more than 20 percent and expands its operations to a total of 15 states. The AquaSource operations being purchased by PSC account for approximately 130,000 customer accounts. Effective with today's transaction, PSC now has operations in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, Connecticut, New York, South Carolina and Kentucky. However, PSC announced in May 2003 that it had 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 (2,100 customers) and non-regulated Connecticut operations and the regulated New York operations (1,100 customers) of AquaSource, Inc. to Birmingham for an aggregate purchase price of approximately \$5.0 million.

PSC Chairman Nicholas DeBenedictis said, "We are looking forward to integrating the AquaSource operations into our company and are particularly excited about the growth opportunities that exist in some of the faster-growing states like Texas, Indiana, Virginia, Florida and North Carolina. The acquisition will also give PSC greater geographic and regulatory diversity and provide new service areas in the southern, mid-Atlantic and mid-western United States."

To close the deal, PSC used \$100 million of a total of \$135 million unsecured debt issued at 4.87 percent to a consortium of lenders with an average life of 12 years. The additional \$35 million will be used to refinance higher cost debt at its largest subsidiary, Pennsylvania Suburban Water Company (PSW).

The acquisition of AquaSource is the second in number of customers only to PSC's acquisition by merger of the former Consumers Water Company in 1999, which yielded PSC an additional 230,000 customers at that time.

PSC is the largest U.S.-based, investor-owned water utility in the U.S. and provides water and wastewater services to approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, Connecticut, New York, South Carolina and Kentucky. 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 timing and benefits of the transaction and possible growth opportunities and geographic and regulatory diversity from the transaction. 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, the risk that the acquired company's business will not be successfully integrated into PSC; 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

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

CONTACT: Philadelphia Suburban Corporation
Donna Alston, 610-645-1095
alstond@suburbanwater.com
or

Cheryl Hansen, 610-645-1084
hansenc@suburbanwater.com

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