



Aqua America's Ohio Subsidiary Announces New 10-Year Lease Agreement with the Village of New Middletown

NEW MIDDLETOWN, Ohio, Mar 8, 2004 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) today announced that its Consumers Ohio Water Company (COWC) subsidiary has entered into a 10-year lease extension agreement with the Village of New Middletown that will allow the company to continue to operate and maintain the Village water system. COWC will pay the Village an annual lease fee for use of the water system assets, which are owned by the municipality.

New Middletown water customers will continue to have the same water rate structure as COWC's Struthers Division, which includes the City of Struthers, Villages of Poland and Lowellville and portions of Boardman, Beaver, Canfield, Coitsville, Poland and Springfield townships. Water rates have been negotiated locally with these communities for nearly 20 years in lieu of filing formal rate cases with the Public Utility Commission of Ohio.

The relationship between COWC and the Village of New Middletown began in 1993 when the parties entered into a bulk water agreement. The original lease agreement was reached in 1997.

"We value the partnership we have with COWC," said New Middletown Mayor Robert Carson. "In the early 1990s, we were faced with a real water supply issue, which led us to the bulk water contract. We then decided it was in the best interest of our residents to turn over the financial and regulatory burden of operating and maintaining our water system to professionals. That is why we chose COWC."

Since leasing the water system from the Village in 1997, COWC has invested more than \$600,000 in capital improvements and extended water service to residents in Springfield Township.

"We believe this innovative partnership has helped residents avoid higher water rates without sacrificing the investment necessary to maintain and upgrade the system," said COWC President Walter J. "Buzz" Pishkur. "This agreement has also facilitated expansion of the water system, which increases income and property tax revenues for the Village. It is a win-win situation."

Consumers Ohio Water Company (COWC), Ohio's largest investor-owned water utility, serves nearly 288,000 people in 48 communities in seven counties. Locally, the company serves 74,200 people in Mahoning and Trumbull Counties. COWC is a subsidiary of Aqua America, Inc., (NYSE:WTR), the largest U.S.-based publicly-traded water utility serving approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. Aqua America is a publicly traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

COWC plans to change its name to Aqua Ohio, Inc. pending PUCO approval.

SOURCE: Aqua America, Inc.

Aqua America, Inc.
Randi Polanich, 610-645-1175
rmpolanich@aquaamerica.com
or
Jennifer Johnson, 330-726-8151 ext. 550