

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): November 2, 2004

Aqua America, Inc.

(Exact Name of Registrant Specified in Charter)

Pennsylvania  
(State or Other  
Jurisdiction of  
Incorporation)

001-06659  
(Commission File  
Number)

23-1702594  
(I.R.S. Employer  
Identification No.)

762 West Lancaster Avenue  
Bryn Mawr, Pennsylvania

19010-3489

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (610) 527-8000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 2.02 Results of Operations and Financial Condition.**

On November 2, 2004, Aqua America, Inc. (formerly known as Philadelphia Suburban Corporation) issued a press release announcing its third quarter 2004 earnings.

**Item 9.01 Financial Statements and Exhibits.**

- (c) Exhibits.
- 99.1 Press Release, dated November 2, 2004, issued by Aqua America, Inc. (formerly known as Philadelphia Suburban Corporation).

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AQUA AMERICA, INC.**

By: ROY H. STAHL

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Roy H. Stahl  
Executive Vice President and General Counsel

Dated: November 2, 2004

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Exhibit Index

Exhibit

99.1 Press Release, dated November 2, 2004, issued by Aqua America, Inc. (formerly known as Philadelphia Suburban Corporation).

FOR RELEASE: November 2, 2004

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AQUA AMERICA REPORTS INCREASES IN REVENUE AND OPERATING  
INCOME FOR THIRD QUARTER 2004

NET INCOME UP DESPITE HEAVY RAINFALL; 8.3 PERCENT DIVIDEND INCREASE SET FOR  
DECEMBER 1 PAYMENT

BRYN MAWR, PA, November 2, 2004 - Aqua America, Inc. (NYSE: WTR) cited customer growth and rate awards in key states as the primary factors that resulted in increased operating revenues, operating income and net income in the third quarter compared to the same period in 2003, despite having experienced rainy and stormy weather during the third quarter.

Third quarter operating revenues grew 17.8 percent to \$120.3 million from \$102.2 million for the same quarter in 2003 as a direct result of customer growth from recent acquisitions and increased rates in many of the states where the company operates. Operating income was up 10.1 percent to \$51.0 million from \$46.3 million for the same quarter in 2003. "Considering the severe weather we experienced in our mid-Atlantic and Southern states, we are very pleased with our results," said Aqua America Chairman Nicholas DeBenedictis. "Traditionally, it is the third quarter during which weather can have an incremental impact of as much as 10 percent (up or down) on earnings. In Southeastern Pennsylvania where more than 335,000 water customers are concentrated, rainfall during the summer months of June, July and August averaged 50 percent above normal. The one piece of good news resulting from the excessive rain however, is all of our company reservoirs in the area are full and ready for next year."

Net income increased 2.0 percent to \$24.1 million from \$23.6 million for the same quarter of 2003. Corresponding net income per diluted share was \$0.26 for the quarter, compared to \$0.26 for the same quarter in 2003 on 4.1 percent additional shares outstanding. Third quarter 2003 net income per diluted share included an approximate \$0.03 gain due to an asset sale (\$2.4 million after tax) during the quarter, compared to a \$0.003 gain from asset sales in the third quarter of 2004.

Operating revenues for the nine months ended September 30, 2004 increased 22.8 percent to \$326.6 million from \$266.0 million for the same period in 2003. Net income for the nine months ended September 30, 2004 increased 10.2 percent to \$57.5 million from \$52.2 million for the same period in 2003. Corresponding net income per diluted share increased 3.4 percent to \$0.61 for the nine months ended September 30, 2004 compared to \$0.59 for the same period in 2003 on 7.0 percent additional shares outstanding.

DeBenedictis said that the impact of the extraordinary rainfall in parts of its service territory was offset by customer growth and rate awards. "Increased revenue was due to the addition of our newly-acquired Heater Utilities system in North Carolina purchased in June 2004, our AquaSource properties acquired in August 2003, and former Florida Water Services customers acquired in June 2004," said DeBenedictis.

Further supplementing customer growth were seven "tuck-in" acquisitions completed by Aqua America subsidiaries during the third quarter, 22 in total

since January. "So far this year we're averaging more than a half dozen tuck-ins per quarter, which is a nice complement to the three larger acquisitions we completed since last summer," said DeBenedictis.

"This has been a very busy year for rate awards. We've already received rate awards in Pennsylvania, Illinois, Ohio, New Jersey, and other states totaling approximately \$20 million in annualized revenue. In addition, the company's infrastructure improvement charges have added \$1.7 million in incremental revenue in 2004. Three other rate filings, which collectively represent approximately \$16.7 million in annualized revenue are in process in North Carolina, Illinois and Texas. In Texas, regulations have allowed us to implement the increase in August 2004 pending an adjustment at the conclusion of the case."

At its meeting on August 3, 2004, the Board of Directors voted to increase the quarterly common stock cash dividend to shareholders by 8.3 percent to \$0.13 per share, an annualized rate of \$0.52 per share. This increase will be effective with the December 1, 2004 cash dividend payment and is available to shareholders of record on November 15, 2004. The increase is the company's fourteenth in 13 years.

The company's conference call with analysts is today at 11:00 a.m. Eastern Standard Time. The call will be webcast so that interested parties may listen over the Internet by logging on to [www.aquaamerica.com](http://www.aquaamerica.com). The conference call will be archived in the investor relations section of the company's Web site for 90 days following the call. Additionally, the call will be recorded and made available for replay for 10 business days after the call, beginning at 12:00 p.m. Tuesday, November 2, 2004 through Tuesday, November 16, 2005. The dial-in telephone number for the audio replay is (877) 519 - 4471 (PIN#: 4986611).

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". The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

This release may contain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 Commission.

The following table shows selected operating data for the quarters and nine months ended September 30, 2004 and 2003 (in thousands, except per share data) for Aqua America, Inc. All share and per share data for 2003 results have been restated to reflect the December 1, 2003 five-for-four stock split.

	(Unaudited)			
	Quarter Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Operating revenues	\$120,305	\$102,153	\$326,597	\$266,021
Operating income	\$ 50,997	\$ 46,302	\$127,914	\$114,038

Net income available to common stock	\$ 24,087	\$ 23,620	\$ 57,533	\$ 52,179
	=====	=====	=====	=====
Net income per common share:				
Basic	\$ 0.26	\$ 0.26	\$ 0.62	\$ 0.60
	=====	=====	=====	=====
Diluted	\$ 0.26	\$ 0.26	\$ 0.61	\$ 0.59
	=====	=====	=====	=====
Average common shares outstanding:				
Basic	93,065	89,528	92,874	86,853
	=====	=====	=====	=====
Diluted	94,023	90,350	93,884	87,782
	=====	=====	=====	=====

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Aqua America, Inc. and Subsidiaries  
Consolidated Statements of Income and Comprehensive Income  
(In thousands, except per share amounts)  
(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
	-----	-----	-----	-----
Operating revenues	\$120,305	\$102,153	\$326,597	\$266,021
Cost & expenses:				
Operations and maintenance	46,526	36,777	132,840	98,470
Depreciation	14,112	12,628	41,292	35,439
Amortization	1,177	889	3,096	2,251
Taxes other than income taxes	7,493	5,557	21,455	15,823
	-----	-----	-----	-----
Total	69,308	55,851	198,683	151,983
	-----	-----	-----	-----
Operating income	50,997	46,302	127,914	114,038
Other expense (income):				
Interest expense, net	12,346	11,722	35,584	32,985
Allowance for funds used during construction	(695)	(613)	(2,028)	(1,489)
Gain on sale of other assets	(491)	(4,194)	(967)	(4,414)
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Income before income taxes	39,837	39,387	95,325	86,956
Provision for income taxes	15,750	15,764	37,792	34,769
	-----	-----	-----	-----
Net income	24,087	23,623	57,533	52,187
Dividends on preferred stock	-	3	-	8
	-----	-----	-----	-----
Net income available to common stock	\$ 24,087	\$ 23,620	\$ 57,533	\$ 52,179
	=====	=====	=====	=====
Net income	\$ 24,087	\$ 23,623	\$ 57,533	\$ 52,187
Other comprehensive income (loss), net of tax:				
Unrealized gain on securities	-	7	59	156
Reclassification adjustment for gains reported in net income	-	(71)	(230)	(82)
	-----	-----	-----	-----
Comprehensive income	\$ 24,087	\$ 23,559	\$ 57,362	\$ 52,261
	=====	=====	=====	=====

Net income per common share:				
Basic	\$ 0.26	\$ 0.26	\$ 0.62	\$ 0.60
Diluted	\$ 0.26	\$ 0.26	\$ 0.61	\$ 0.59
Average common shares outstanding:				
Basic	93,065	89,528	92,874	86,853
	=====	=====	=====	=====
Diluted	94,023	90,350	93,884	87,782
	=====	=====	=====	=====

Aqua America, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(In thousands of dollars)  
(Unaudited)

	September 30, 2004	December 31, 2003
	-----	-----
Net property, plant and equipment	\$2,019,292	\$1,824,291
Current assets	103,304	83,969
Regulatory assets and other assets	176,187	161,476
	-----	-----
	\$2,298,783	\$2,069,736
	=====	=====
Stockholders' equity	\$ 681,206	\$ 659,030
Long-term debt, excluding current portion	772,225	696,666
Current portion of long-term debt and loans payable	188,968	135,845
Other current liabilities	96,820	96,156
Deferred credits and other liabilities	559,564	482,039
	-----	-----
	\$2,298,783	\$2,069,736
	=====	=====