SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2000

Commission File Number 1-6659

PHILADELPHIA SUBURBAN CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania	23-1702594
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania	19010-3489
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 30, 2000

42,457,668

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands of dollars, except per share amounts)

	September 30, 2000 (Unaudited)	December 31, 1999 (Audited)
Assets		
Property, plant and equipment, at cost	$ 1,475,763	$ 1,393,027

Less accumulated depreciation	277,096	257,663
Net property, plant and equipment	1,198,667	1,135,364
Current assets:		
Cash and cash equivalents	3,642	4,658
Accounts receivable and unbilled revenues, net	53,805	44,399
Inventory, materials and supplies	4,953	3,948
Prepayments and other current assets	3,522	6,520
Total current assets	65,922	59,525
Regulatory assets	62,552	58,287
Deferred charges and other assets, net	32,321	27,629
	$ 1,359,462	$ 1,280,805
Liabilities and Stockholders' Equity		
Stockholders' equity:		
6.05% Series B cumulative preferred stock	$ 1,760	$ 1,760
Common stock at $.50 par value, authorized 100,000,000 shares, issued 43,247,183 and 41,627,644 in 2000 and 1999	21,624	20,814
Capital in excess of par value	286,059	251,440
Retained earnings	111,766	101,533
Minority interest	2,597	2,604
Treasury stock, 789,515 and 615,038 shares in 2000 and 1999	(14,588)	(11,270)
Accumulated other comprehensive income	1,630	2,020
Total stockholders' equity	410,848	368,901
Long-term debt, excluding current portion	459,475	413,752
Commitments	-	-
Current liabilities:		
Current portion of long-term debt	12,974	12,194
Loans payable	80,550	103,069
Accounts payable	11,867	24,286
Accrued interest	9,441	8,994
Accrued taxes	16,499	12,689
Dividends payable	7,956	-
Other accrued liabilities	24,039	22,581
Total current liabilities	163,326	183,813
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	142,812	136,528
Customers' advances for construction	58,231	59,494
Other	8,063	8,434
Total deferred credits and other liabilities	209,106	204,456
Contributions in aid of construction	116,707	109,883
	$ 1,359,462	$ 1,280,805

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share amounts)

(UNAUDITED)

Nine Months Ended
September 30,

	2000	1999
Operating revenues	$ 206,340	$ 194,289
Costs and expenses:		
Operations and maintenance	74,315	71,573
Depreciation	23,956	22,792
Amortization	1,175	989
Taxes other than income taxes	17,039	16,803
Restructuring costs (recovery)	(1,136)	3,787
	115,349	115,944
Operating income	90,991	78,345
Other expense (income):		
Interest expense, net	30,127	24,968
Allowance for funds used during construction	(2,260)	(1,369)
Minority interest	76	76
Gain on sale of marketable securities	(1,061)	-
Merger transaction costs (recovery)	(2,905)	6,334
Income before income taxes	67,014	48,336
Provision for income taxes	26,584	21,551
Net income	40,430	26,785
Dividends on preferred stock	80	104
Net income available to common stock	$ 40,350	$ 26,681
Net income	$ 40,430	$ 26,785
Other comprehensive income (loss), net of tax	(390)	1,068
Comprehensive income	$ 40,040	$ 27,853
Net income per common share:		
Basic	$ 0.98	$ 0.65
Diluted	$ 0.97	$ 0.65
Average common shares outstanding during the period:		
Basic	41,081	40,823
Diluted	41,472	41,281

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share amounts)

(UNAUDITED)

	Three Months Ended September 30,	
	2000	1999
Operating revenues	$ 73,336	$ 69,527
Costs and expenses:		

Operations and maintenance	25,037	24,645
Depreciation	8,040	7,765
Amortization	517	277
Taxes other than income taxes	5,460	5,591
Recovery of restructuring costs	(740)	-
	38,314	38,278
Operating income	35,022	31,249
Other expense (income):		
Interest expense, net	10,282	8,347
Allowance for funds used during construction	(541)	(512)
Minority interest	30	34
Recovery of merger transaction costs	(2,242)	-
Income before income taxes	27,493	23,380
Provision for income taxes	10,927	9,013
Net income	16,566	14,367
Dividends on preferred stock	27	35
Net income available to common stock	$ 16,539	$ 14,332
Net income	$ 16,566	$ 14,367
Other comprehensive income, net of tax	120	1,068
Comprehensive income	$ 16,686	$ 15,435
Net income per common share:		
Basic	$ 0.40	$ 0.35
Diluted	$ 0.39	$ 0.35
Average common shares outstanding during the period:		
Basic	41,317	40,898
Diluted	41,751	41,333

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands of dollars)

(UNAUDITED)

	Nine Months Ended September 30,	
	2000	1999
Cash flows from operating activities:		
Net income	$ 40,430	$ 26,785
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	25,131	23,781
Deferred income taxes	6,247	5,576
Gain on sale of marketable securities	(1,061)	-
Net decrease (increase) in receivables, inventory		

and prepayments	(6,971)	2,645
Net decrease in payables, accrued interest, accrued taxes and other accrued liabilities	(7,830)	(14,753)
Other	(6,466)	2,718
Net cash flows from operating activities	49,480	46,752
Cash flows from investing activities:		
Property, plant and equipment additions, including allowance for funds used during construction of $2,260 and $1,369	(81,651)	(67,723)
Purchases of marketable securities, net	(1,649)	(6,066)
Acquisitions of water and wastewater systems	(2,506)	(199)
Other	1,354	23
Net cash flows used in investing activities	(84,452)	(73,965)
Cash flows from financing activities:		
Customers' advances and contributions in aid of construction	4,937	3,604
Repayments of customers' advances	(2,691)	(2,125)
Net proceeds (repayments) of short-term debt	(22,519)	14,665
Proceeds from long-term debt	49,321	34,664
Repayments of long-term debt	(3,936)	(6,154)
Redemption of preferred stock	-	(1,460)
Proceeds from issuing common stock	34,454	5,939
Repurchase of common stock	(3,543)	(1,756)
Dividends paid on preferred stock	(80)	(90)
Dividends paid on common stock	(22,161)	(21,832)
Other	174	(35)
Net cash flows from financing activities	33,956	25,420
Net increase (decrease) in cash and cash equivalents	(1,016)	(1,793)
Cash and cash equivalents at beginning of period	4,658	8,247
Cash and cash equivalents at end of period	$ 3,642	$ 6,454

See Acquisitions footnote for description of non-cash investing activities.

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(In thousands of dollars, except per share amounts)

	September 30, 2000 (Unaudited)	December 31, 1999 (Audited)
Stockholders' equity:		
6.05% Series B cumulative preferred stock	$ 1,760	$ 1,760
Common stock, $.50 par value	21,624	20,814
Capital in excess of par value	286,059	251,440
Retained earnings	111,766	101,533
Minority interest	2,597	2,604
Treasury stock	(14,588)	(11,270)
Accumulated other comprehensive income	1,630	2,020
Total stockholders' equity	410,848	368,901
Long-term debt:		
First Mortgage Bonds secured by utility plant:		
Interest Rate Range		
0.00% to 2.49%	1,200	858
2.50% to 4.99%	5,259	824
5.00% to 5.49%	3,448	2,200
5.50% to 5.99%	31,060	31,545
6.00% to 6.49%	145,570	127,210
6.50% to 6.99%	55,200	55,200
7.00% to 7.49%	62,000	38,000
7.50% to 7.99%	23,000	23,000
8.00% to 8.49%	16,500	16,500

8.50% to 8.99%	9,000	9,003
9.00% to 9.49%	53,695	53,695
9.50% to 9.99%	49,826	51,220
10.00% to 10.55%	6,000	6,000
Total First Mortgage Bonds	461,758	415,255
Notes payable to bank under revolving credit agreement, due November 2000	9,200	9,200
Installment note payable, 9%, due in equal annual payments through 2013	1,491	1,491
	472,449	425,946
Current portion of long-term debt	12,974	12,194
Long-term debt, excluding current portion	459,475	413,752
Total capitalization	$870,323	$782,653

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of dollars, except per share amounts)
(UNAUDITED)

Note 1 Basis of Presentation

The accompanying consolidated balance sheet and statement of capitalization of Philadelphia Suburban Corporation ("PSC") at September 30, 2000, the consolidated statements of income and comprehensive income for the nine months and quarter ended September 30, 2000 and 1999, and the consolidated statements of cash flow for the nine months ended September 30, 2000 and 1999, are unaudited, but reflect all adjustments, consisting of only normal recurring accruals, which are, in the opinion of management, necessary to present fairly the consolidated financial position, the consolidated results of operations, and the consolidated cash flow for the periods presented. Because they cover interim periods, the statements and related notes to the financial statements do not include all disclosures and notes normally provided in annual financial statements and therefore, should be read in conjunction with the PSC Annual Report on Form 10-K for the year ended December 31, 1999 and the Quarterly Reports on Form 10-Q for the quarters ended June 30, 2000 and March 31, 2000. The results of operations for interim periods may not be indicative of the results that may be expected for the entire year.

Note 2 Water Rates

On April 27, 2000, the Pennsylvania Public Utility Commission approved a rate settlement reached between PSC's Pennsylvania utility subsidiaries, and the parties actively litigating the joint rate application filed in October 1999. The settlement was designed to increase annual revenue by $17,000 or 9.4% above the level in effect at the time of the filing. The rates in effect at the time of the filing included $7,347 in Distribution System Improvement Charges ("DSIC") ranging from 0.33% to 5%. Consequently, the settlement resulted in a total base rate increase of $24,347 or 13.5% above the rates in effect before the DSIC was applied. As a part of the settlement, the DSIC was reset to zero and PSC agreed not to file a base rate increase request prior to April 29, 2001, absent extraordinary circumstances.

The settlement agreement also provides for the recovery of up to $5,295 (the merger costs allocable to our Pennsylvania operations) of the $10,121 ($8,596 after-tax) in merger costs that were expensed in the first quarter 1999 in connection with the Consumers Water Company ("CWC") merger. In the second quarter of 2000, a portion of the regulatory asset was established to reflect the amount to be recovered before our next Pennsylvania rate filing is expected to become effective and the remainder was not recognized at that time due to the need to assess its recoverability. In September 2000, an evaluation of the recoverability of the merger costs was concluded and consequently an additional regulatory asset of $2,982 was established. This resulted in a recovery in the third quarter of 2000 of $740 of restructuring costs and $2,242 of merger transaction costs as reported on the Consolidated Statements of Income and Comprehensive Income.

In March 2000, an operating division in Illinois settled one rate case designed to result in an aggregate annual revenue increase of approximately $400. In April 2000, a rate increase was negotiated by an operating division in Ohio designed to result in an aggregate annual revenue increase of $140 in each of the following three years. In September 2000, two operating divisions in Maine settled rate cases designed to result in an aggregate annual revenue increase of approximately $310. In addition, rate applications have been filed in 2000 by other operating divisions in Illinois, New Jersey and Ohio. The additional annual revenue requested is $6,352 and decisions are anticipated by the first quarter of 2001.

Note 3 Long-term Debt and Loans Payable

In January 2000, Philadelphia Suburban Water Company ("PSW") issued a First Mortgage Bond of $15,000 7.40% Series due 2005 and in April 2000, PSW issued a First Mortgage Bond of $11,000 7.40% Series due 2005 through the medium-term note program. At various times during the first nine months of 2000, PSW and other operating subsidiaries issued notes payable in aggregate of $6,071 at various rates ranging from 1% to 5.4% due at various times in 2019, 2020 and 2030. In June 2000, one of CWC's operating subsidiaries issued $18,360 of tax-exempt bonds due in 2030 at a rate of 6.0%. The proceeds from these issues were used to reduce a portion of the balance of short-term debt at each of the respective operating subsidiaries.

Note 4 Net Income per Common Share

Basic net income per common share is based on the weighted average number of common shares outstanding. Diluted net income per common share is based on the weighted average number of common shares outstanding and potentially dilutive shares. The dilutive effect of employee stock options is included in the computation of Diluted net income per common share. The following table summarizes the shares, in thousands, used in computing Basic and Diluted net income per common share:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2000	1999	2000	1999
Average common shares outstanding during the period for Basic computation	41,081	40,823	41,317	40,898
Dilutive effect of employee stock options	391	458	434	435
Average common shares outstanding during the period for Diluted computation	41,472	41,281	41,751	41,333

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (In thousands of dollars, except per share amounts) (continued)
(UNAUDITED)

Note 5 Acquisitions and Water Sale Agreements

During the first nine months of 2000, four water systems and one wastewater system were acquired in Pennsylvania and Ohio. The total purchase price of $3,150 for the systems acquired consisted of $2,506 in cash and the issuance of 30,440 shares of PSC's common stock. The increase in annual revenues resulting from the acquired systems approximate $950.

In August 2000, PSW entered into a 25-year bulk water sale agreement with Liberty Electric Power, LLC, a subsidiary of Columbia Electric Corporation, to supply water to a power plant that is expected to be constructed and commence operations in the first quarter of 2002. The agreement stipulates a minimum monthly payment through March 1, 2026. The annual revenues resulting from this water sale agreement are expected to approximate $1,350 initially, and may adjust annually based upon changes in the Consumer Price Index.

Note 6 Stockholders' Equity

On August 1, 2000, PSC's Board of Directors declared a 5-for-4 common stock split effected in the form of a 25% stock dividend for all common shares outstanding, to shareholders of record on November 15, 2000. The new shares will be distributed on December 1, 2000. PSC's par value of $.50 per share will not change as a result of the common stock distribution, and as a result, on the distribution date an amount will be transferred from Capital in Excess of Par Value to Common Stock to record the common stock split. The share and per share data contained in this Quarterly Report on Form 10-Q have not been restated to give effect to this stock dividend.

On September 15, 2000, PSC issued 1,322,500 shares of common stock through a public offering, providing proceeds of approximately $29,689, net of expenses.

PSC reports other comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." The following table summarizes the activity of accumulated other comprehensive income:

	2000	1999
Balance at January 1,	$ 2,020	$ -
Unrealized holding gain arising during the period, net of tax of $100 and $575	186	1,068
Less: reclassification adjustment for gains included in net income, net of tax of $409	(576)	-
Unrealized gains (losses) on sales of marketable securities	(390)	1,068
Balance at September 30,	$ 1,630	$ 1,068

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(In thousands of dollars, except per share amounts)

Forward-looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report contains, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements address, among other things, our use of cash; projected capital expenditures; liquidity; as well as information contained elsewhere in this report where statements are preceded by, followed by or include the words "believes," "expects," "anticipates," "plans" or similar expressions. These statements are based on a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside our control. Actual results may differ materially from such statements for a number of reasons, including the effects of regulation, abnormal weather, changes in capital requirements and funding, and acquisitions. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

General Information

Philadelphia Suburban Corporation ("we" or "us"), a Pennsylvania corporation, is the holding company for regulated utilities providing water or wastewater services to approximately 2 million people in Pennsylvania, Ohio, Illinois, New Jersey and Maine. Our two primary subsidiaries are Philadelphia Suburban Water Company ("PSW"), a regulated public utility that provides water or wastewater services to about 1.1 million residents in the suburban areas west and north of the City of Philadelphia, and Consumers Water Company ("CWC"), a holding company for several regulated public utility companies that provide water or wastewater service to about 850,000 residents in various communities in Pennsylvania, Ohio, Illinois, New Jersey and Maine. We are among the largest investor-owned water utilities in the United States based on the number of customers. In addition, PSW and CWC provide water service to approximately 25,000 people through operating and maintenance contracts with municipal authorities and other parties in proximity to the operating company's service territory. Subsidiaries of PSW and CWC provide wastewater services (primarily residential) to approximately 28,000 people in Pennsylvania, Illinois and New Jersey.

Financial Condition

During the first nine months of 2000, we had $81,651 of capital expenditures, repurchased $3,543 of common stock, repaid $2,691 of customer advances for construction and made sinking fund contributions of $3,936. The capital expenditures were related to construction of a new treatment plant, improvements to existing treatment plants, new water mains and customer service lines and the rehabilitation of existing water mains, hydrants and customer service lines.

During the first nine months of 2000, the proceeds from the issuance of common stock, long-term debt, internally generated funds, available working capital and funds available under the revolving credit agreements were used to fund the cash requirements discussed above and to pay dividends. In January 2000, PSW issued a First Mortgage Bond of $15,000 7.40% Series due 2005 and in April 2000, PSW issued a First Mortgage Bond of $11,000 7.40% Series due 2005 through the medium-term note program. At various times during the first nine months of 2000, PSW and other operating subsidiaries issued notes payable in aggregate of $6,071 at various rates ranging from 1% to 5.4% due at various times in 2019, 2020 and 2030. In June 2000, one of CWC's operating subsidiaries issued $18,360 of tax-

exempt bonds due in 2030 at a rate of 6.0%. The proceeds from these issues were used to reduce a portion of the balance of the short-term debt at each of the respective operating subsidiaries. On September 15, 2000, we issued 1,322,500 shares of common stock through a public offering, providing proceeds of approximately $29,689, net of expenses. The proceeds of this offering were used to make an equity contribution to PSW. PSW used the contribution from PSC to reduce the balance of its revolving credit loan. Effective with the December 1, 2000 payment, PSC has increased the quarterly cash dividend on common stock from $.18 per share to $.19375 per share.

At September 30, 2000, we had short-term lines of credit and other credit facilities of $190,000, of which $100,250 was available.

On April 27, 2000, the Pennsylvania Public Utility Commission approved a rate settlement reached between PSC's Pennsylvania utility subsidiaries, and the parties actively litigating the joint rate application filed in October 1999. The settlement was designed to increase annual revenue by $17,000 or 9.4% over the level in effect at the time of the filing. The rates in effect at the time of the filing included $7,347 in Distribution System Improvement Charges ranging from 0.33% to 5%. Consequently, the settlement resulted in a total base rate increase of $24,347 or 13.5% above the rates in effect before the Distribution System Improvement Charge was applied. As a part of the settlement, the Distribution System Improvement Charge was reset to zero and PSC agreed not to file a base rate increase request prior to April 29, 2001, absent extraordinary circumstances. The settlement agreement also provides for the recovery of up to $5,295 (the merger costs allocable to our Pennsylvania operations) of the $10,121 ($8,596 after-tax) in merger costs that were charged off in the first quarter 1999 in connection with the Consumers Water Company ("CWC") merger. In the second quarter of 2000, a portion of the regulatory asset was established to reflect the amount to be recovered before our next Pennsylvania rate filing is expected to become effective and the remainder was not recognized at that time due to the need to assess its recoverability. In September 2000, an evaluation of the recoverability of the merger costs was concluded and consequently an additional regulatory asset was established of $2,982. This resulted in a recovery in the third quarter of 2000 of $740 of restructuring costs and $2,242 of merger transaction costs as reported on the Consolidated Statements of Income and Comprehensive Income.

Management believes that internally generated funds along with existing credit facilities and the proceeds from the issuance of long-term debt and common stock will be adequate to meet our financing requirements for the balance of the year and beyond.

Results of Operations

Analysis of First Nine Months of 2000 Compared to First Nine Months of 1999

Revenues for the first nine months of 2000 increased $12,051 or 6.2% primarily due to increased water rates, particularly as a result of the April 2000 Pennsylvania rate settlement, and the additional water revenues associated with acquisitions, offset partially by a decrease in water consumption associated with the cool, wet weather experienced in portions of our service territory in 2000. The additional revenues from acquisitions were primarily from the Bensalem water system acquired in December 1999.

Operations and maintenance expenses increased by $2,742 or 3.8% due to additional operating costs associated with acquisitions, offset in part by a reduction in administrative expenses and corporate costs as part of our cost containment initiatives, and lower water production costs. The reduction in water production costs is associated with the lower water consumption resulting from the relatively cool, wet weather experienced in the second and third quarters of 2000. The reduction in general corporate costs was related to the closing of CWC's corporate office in March 1999.

Depreciation expense increased $1,164 or 5.1% reflecting the utility plant placed in service since the third quarter of 1999, including the assets acquired through system acquisitions, offset partially by the effect of a change in depreciation rates.

Amortization increased $186 primarily due to the amortization of the costs associated with, and the other costs being recovered in, various rate filings.

Taxes other than income taxes increased by $236 or 1.4% due to a refund recognized in the first quarter of 1999 of a regulatory assessment associated with a prior year.

The recovery of restructuring costs of $1,136 in the first nine months of 2000 resulted from the April 2000 rate settlement. These costs were included in a $3,787 charge that was recorded in the first quarter of 1999 when CWC's corporate office was closed.

Interest expense increased by $5,159 or 20.7% primarily due to increased borrowings to finance acquisitions, on-going capital projects and, to a lesser extent, increased interest rates on borrowings.

Allowance for funds used during construction increased by $891 primarily due to an increase in the average balance of utility plant construction work in progress resulting from the construction of a $35,000 water treatment plant at one of CWC's Pennsylvania subsidiaries. Construction commenced on this facility in December 1997 and was completed in July 2000.

During the first quarter of 2000, gains on the sale of marketable securities of $1,061 were recorded. There were no marketable securities sold in 1999 or since the first quarter of 2000.

The recovery of merger transaction costs of $2,905 in the first nine months of 2000 resulted from the April 2000 rate settlement. These costs were included in a $6,334 charge that was recorded in the first quarter of 1999 when the CWC merger was completed. The charge represents the fees for investment bankers, attorneys, accountants and other administrative charges.

Our effective income tax rate was 39.7% in the first nine months of 2000 and 44.6% in the first nine months of 1999. The effective tax rate decreased due to the estimated non-deductible portion of the $6,334 of merger transaction costs recorded in the first quarter of 1999. Exclusive of the merger transaction costs and related tax benefits of $200, the 1999 effective income tax rate would have been 39.8%.

Dividends on preferred stock decreased $24 or 23.1% due to the redemption in January 1999 of 14,600 shares of preferred stock. The preferred shares were redeemed at the liquidation value of $100 per share.

Net income available to common stock for the first nine months of 2000 increased by $13,669, in comparison to 1999 primarily as a result of the 1999 after-tax charge of $8,596 for restructuring and transaction costs associated with the merger of CWC, the 2000 net recovery of a portion of these merger costs of $2,236 in connection with the April 2000 Pennsylvania rate settlement and the other factors described above. On a diluted per share basis, earnings increased $.32 reflecting the change in net income.

Results of Operations

Analysis of Third Quarter of 2000 Compared to Third Quarter of 1999

Revenues for the quarter increased $3,809 or 5.5% primarily as a result of the increased water rates granted to the Pennsylvania operating subsidiaries in April 2000 and additional water revenues associated with acquisitions, offset partially by a decrease in water consumption associated with the relatively cool, wet weather experienced in portions of our service territory in the third quarter of 2000. The additional revenues from acquisitions were primarily from the Bensalem water system acquired in December 1999.

Operations and maintenance expenses increased by $392 or 1.6% due to the additional operating costs associated with acquisitions, offset in part by reduced administrative expenses and lower water production expenses. The reduction in the water production costs is associated with the lower water consumption resulting from the relatively cool, wet weather experienced in the third quarter of 2000.

Depreciation expense increased $275 or 3.5% reflecting the utility plant placed in service since the third quarter of 1999, including the assets acquired through system acquisitions, offset in part by the effect of a change in depreciation rates.

Amortization increased $240 primarily due to the amortization of the costs associated with, and the other costs being recovered in, various rate filings.

Taxes other than income taxes decreased by $131 or 2.3% due to a reduction in certain state taxes.

The recovery of restructuring costs of $740 in the third quarter of 2000 resulted from the April 2000 rate settlement. These costs were charged off in the first quarter of 1999 when CWC's corporate office was closed.

Interest expense increased by $1,935 or 23.2% primarily due to increased borrowings to finance acquisitions, on-going capital projects and, to a lesser extent, increased interest rates on borrowings.

Allowance for funds used during construction increased by $29 or 5.7% primarily due to a change in the average balance of utility plant construction work in progress.

The recovery of merger transaction costs of $2,242 in the third quarter of 2000 resulted from the April 2000 rate settlement. These costs were charged off in the first quarter of 1999 when the CWC merger was completed.

Our effective income tax rate was 39.7% in the third quarter of 2000 and 38.6% in the third quarter of 1999. The change is due to a difference between tax deductible expenses and book expenses.

Net income available to common stock for the third quarter of 2000 increased by $2,207, in comparison to 1999 primarily as a result of the factors described above. On a diluted per share basis, earnings increased $.04 reflecting the change in net income.

Impact of Recent Accounting Pronouncements

In September 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," and in September 1999 amended this standard by issuing SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." In September 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," and amendment to SFAS No. 133. SFAS No. 138 establishes accounting and reporting standards for derivative instruments and for hedging activities and requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS 137 changed the timing of the implementation of SFAS No. 133. We plan to adopt these statements on January 1, 2001 as required. As of September 30, 2000, we had no derivative instruments or hedging activities.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation," an interpretation of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees." The Interpretation provides guidance for certain issues that arose in the application of APB No. 25. We adopted the Interpretation as required on July 1, 2000. The implementation of this new standard had no material effect on our results of operations or financial position.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

Part II. Other Information

Item 1. Legal Proceedings

There are no pending legal proceedings to which the Registrant or any of its subsidiaries is a party or to which any of their properties is the subject that present a reasonable likelihood of a material adverse impact on the Registrant. Reference is made to Item 3 of our Annual Report on Form 10-K for the year ended December 31, 1999, which is hereby incorporated by reference.

Item 5. Other Information

On October 3, 2000, PSC dismissed KPMG LLP as its independent accountant and engaged PricewaterhouseCoopers LLP as its new independent accountant. As described in PSC's Report on Form 8-K filed on October 10, 2000, there were no accounting disagreements and no reportable events during the two most recent fiscal years and through October 3, 2000.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
27	Financial Data Schedule

(b) Reports on Form 8-K

Current Report on Form 8-K filed on July 27, 2000, responding to Item 5, Other Events. (Related to the Company's announcement of the Registrant's earnings for the second quarter of 2000 and the Registrant's unaudited consolidated financial statements as of and for the quarter and six months ended June 30, 2000).

Current Report on Form 8-K filed on September 18, 2000, responding to Item 7, Financial Statements and Exhibits. (Underwriting Agreement dated September 11, 2000 by and between the Registrant and A.G. Edwards & Sons, Inc., PaineWebber Incorporated and Janney Montgomery Scott LLC.)

SIGNATURE

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

November 13, 2000

PHILADELPHIA SUBURBAN CORPORATION
Registrant

/s/ Nicholas DeBenedictis

Nicholas DeBenedictis
Chairman and President

/s/ David P. Smeltzer

David P. Smeltzer
Senior Vice President - Finance
and Chief Financial Officer

\

EXHIBIT INDEX

<ARTICLE> OPUR1
<LEGEND>
This schedule contains summary financial information extracted from the consolidated balance sheets and the statements of capitalization at September 30, 2000, and the consolidated statements of income and comprehensive income and the consolidated statements of cash flow for the nine months ended September 30, 2000, and is qualified in its entirety by reference to such financial statements.
</LEGEND>

<PERIOD-TYPE>	9-MOS	
<FISCAL-YEAR-END>		DEC-31-2000
<PERIOD-END>		SEP-30-2000
<BOOK-VALUE>		PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>		1,198,041
<OTHER-PROPERTY-AND-INVEST>		626
<TOTAL-CURRENT-ASSETS>		65,922
<TOTAL-DEFERRED-CHARGES>		32,321
<OTHER-ASSETS>		62,552
<TOTAL-ASSETS>		1,359,462
<COMMON>		7,036
<CAPITAL-SURPLUS-PAID-IN>		287,689
<RETAINED-EARNINGS>		111,766
<TOTAL-COMMON-STOCKHOLDERS-EQ>		406,491
<PREFERRED-MANDATORY>		0
<PREFERRED>		1,760
<LONG-TERM-DEBT-NET>		459,475
<SHORT-TERM-NOTES>		0
<LONG-TERM-NOTES-PAYABLE>		80,550
<COMMERCIAL-PAPER-OBLIGATIONS>		0
<LONG-TERM-DEBT-CURRENT-PORT>		12,974
<PREFERRED-STOCK-CURRENT>		0
<CAPITAL-LEASE-OBLIGATIONS>		0
<LEASES-CURRENT>		0
<OTHER-ITEMS-CAPITAL-AND-LIAB>		398,212
<TOT-CAPITALIZATION-AND-LIAB>		1,359,462
<GROSS-OPERATING-REVENUE>		206,340
<INCOME-TAX-EXPENSE>		26,584
<OTHER-OPERATING-EXPENSES>		115,349
<TOTAL-OPERATING-EXPENSES>		141,933
<OPERATING-INCOME-LOSS>		64,407
<OTHER-INCOME-NET>		3,890
<INCOME-BEFORE-INTEREST-EXPEN>		68,297
<TOTAL-INTEREST-EXPENSE>		27,867
<NET-INCOME>		40,430
<PREFERRED-STOCK-DIVIDENDS>		80
<EARNINGS-AVAILABLE-FOR-COMM>		40,350
<COMMON-STOCK-DIVIDENDS>		22,161
<TOTAL-INTEREST-ON-BONDS>		33,840
<CASH-FLOW-OPERATIONS>		49,480
<EPS-BASIC>		0.98
<EPS-DILUTED>		0.97