



Aqua Pennsylvania Files Rate Request

Proposed Increase Keeps Tap Water Cost at One Cent Per Gallon

BRYN MAWR, Pa., Nov 21, 2007 (BUSINESS WIRE) -- Aqua Pennsylvania, Inc. (Aqua) filed an application with the Pennsylvania Public Utility Commission (PUC) today requesting a \$5.72 a month (19 cents a day) increase in rates for a typical residential customer. Although the request--which would bring a typical monthly residential bill to \$46.90--asks that the new rates become effective January 21, 2008, the PUC typically suspends such requests for up to nine months (August 2008) to permit a complete investigation and analysis.

Aqua President Karl Kyriss said the primary reason for the rate request is the \$253.6 million dollars that the company has invested in capital improvements to improve drinking water quality since its last rate request in 2005. "Approximately 85 percent of this rate request is driven by Aqua's capital investment to upgrade and rehabilitate its drinking water systems across the state," he said. "The investments we've made range from replacing and rehabilitating more than 100 miles of aging water pipe to improve service reliability to constructing and upgrading wells, pumps and storage tanks to enhance water pressure and fire protection. Aqua has also installed state-of-the-art equipment at its water treatment facilities to ensure that water quality meets all of the U.S. Environmental Protection Agency's (EPA) increasing standards."

With 400,000 customers throughout Pennsylvania, the company said its capital spending amounts to an average investment of about \$630 per customer - significantly more than what the typical residential customer pays annually for water.

If the PUC were to grant the entire request, Kyriss said, "The typical Aqua residential customer would still be able to have a day's worth of water (approximately 150 gallons) for approximately \$1.56-- or about one penny per gallon for quality water delivered directly to the customer's home."

According to the EPA, over the next 20 years, the nation's water systems need to invest about \$277 billion for pipes, tanks, valves and treatment plants. Kyriss said Aqua has taken a proactive approach to this nationwide problem by systematically replacing about one percent of its distribution system annually. The company also maintains and upgrades its treatment plants and other facilities on a regular basis.

"We believe it's more cost-effective to be proactive with ongoing capital improvements rather than defer maintenance and put water quality and service reliability at risk," said Kyriss.

The total annual revenue request for Aqua, which serves nearly 1.4 million people throughout the state, is \$41.7 million. Aqua Pennsylvania is the largest subsidiary of Aqua America, Inc. (NYSE:WTR), one of the nation's largest publicly traded water and wastewater utility holding companies, serving approximately 3 million people in 13 states.

WTRF

SOURCE: Aqua Pennsylvania, Inc.

Aqua Pennsylvania, Inc.
Donna Alston
Manager, Communications
610-645-1095
dpalston@aquaamerica.com

or

Terry Maenza
Senior Communications Specialist
610-645-1175
tmmaenza@aquaamerica.com

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