

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): May 16, 1996  
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PHILADELPHIA SUBURBAN CORPORATION  
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(Exact name of registrant as specified in its charter)

Pennsylvania ----- (State or other jurisdiction of incorporation)	1-6659 ----- (Commission File Number)	23-1702594 ----- (IRS Employer Identification Number)
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762 Lancaster Avenue, Bryn Mawr, Pennsylvania ----- (Address of principal executive offices)	19010 ----- (Zip Code)
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(610) 527-8000  
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(Registrant's telephone number, including area code)

Not Applicable  
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(Former name or former address, if changed since last report.)

Item 5. Other Events

The disclosure contained in the Press Release attached  
hereto as Exhibit 1 is incorporated by reference herein.

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 thereunto duly authorized.

PHILADELPHIA SUBURBAN CORPORATION

Date: May 16, 1996

/s/ Roy H. Stahl

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Name: Roy H. Stahl  
Title: Senior Vice President and  
General Counsel

EXHIBIT INDEX

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1	Press release dated May 16, 1996	5-6

[LOGO]

PHILADELPHIA  
SUBURBAN  
CORPORATION

NEWS

762 Lancaster Avenue  
Bryn Mawr, Pennsylvania 19010  
215 527 3000

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Donna Alston  
Director, Corporate Communications  
(610) 645-1095

Blair Wilkins  
Director, Investor Relations  
(610) 645-1084

FOR RELEASE: May 16, 1996

DIVIDEND INCREASE AND STOCK DISTRIBUTION ANNOUNCED FOR PSC  
SHAREHOLDERS

Fifth consecutive year of dividend increases at PSC

BRYN MAWR, PA, May 16 -- Announcements were made today at the Philadelphia Suburban Corporation (NYSE/PSC) Annual Meeting in Bryn Mawr, PA regarding a dividend increase, proposed stock distribution and PSC's recent inclusion in the Dow Jones Water Utility Index.

PSC announced plans for a three-for-two stock split in the form of a stock distribution to all shareholders of record on June 18, 1996. Additionally, the PSC Board of Directors voted to increase the quarterly dividend, effective September 1, 1996, by 4.7% to an annual rate of \$1.215 from \$1.16 per share on a pre-split basis. Following the stock distribution in June, the dividend rate will be \$.81 per share on the increased number of shares.

The common stock distribution and dividend increase come on the heels of the Company's 1996 first quarter financial results, where record levels of revenue, net income and earnings per share were achieved. (First quarter earnings per share increased 14% to \$.32 per share) "As the Company continues its financial success, the Board recognizes the importance of rewarding its shareholders with a dividend increase," explained PSC Chairman Nicholas DeBenedictis. This is the fifth consecutive year of annual dividend increases of approximately 4%.

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DeBenedictis also announced that PSC has been included in the water industry group of the Dow Jones World Industry index. "We are very pleased to be included in the water industry index," he stated. "As the third largest investor-owned water utility in the nation, PSC is recognized as a leader by the water industry, and being included in the Dow Jones index is an additional recognition from the financial community." With PSC's inclusion, the index now represents approximately 67% of the market capitalization of the industry.

In his presentation to shareholders at the Annual Meeting, DeBenedictis explained "Continuing to focus on increasing our customer base and revenues, while maintaining a tight control on expenses, puts us in a better position to achieve our goal of enhancing shareholder value." PSC has outperformed the S&P 500 over the past 5 years with an 18.6% compounded total return.

The three-for-two stock distribution announcement occurred following the shareholder approval to increase the number of authorized shares of the Company's Common Stock from 20 million to 40 million. Shareholders of record on June 18 will receive one additional share for every two shares held. Distribution of the additional shares is planned for July 10, with an ex-distribution date of July 11.

Philadelphia Suburban Corporation is the holding company for Philadelphia Suburban Water Company, a regulated public utility that provides water to 850,000 residents in an area covering 400 square miles and 82 municipalities in Southeastern Pennsylvania. Since December, 1992, PSW has purchased 12 water systems and expects to acquire four more during 1996. Philadelphia Suburban Corporation is a publicly-traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol "PSC".