



## **Philadelphia Suburban Arranges for \$31 Million in Low Interest Financing for Capital Rebuilding; Financing estimated to save \$20 million in interest over 30 years**

BRYN MAWR, Pa. Aug. 8, 2000 - Philadelphia Suburban Corporation (NYSE:PSC) announced today that it has successfully arranged for a total of \$31 million in low interest financing at rates ranging from 1.27 to 6.0 percent for capital improvements to its subsidiaries in Pennsylvania, Illinois and New Jersey.

Between August and December, PSC's Pennsylvania subsidiaries, Philadelphia Suburban Water Company (PSW) and Consumers Pennsylvania Water Company (CPWC) Roaring Creek and Susquehanna Divisions are scheduled to close on seven loans totaling \$5 million at weighted rates ranging from 1.27 to 3.84 percent from the Pennsylvania Infrastructure Investment Authority (PennVest)--the funding vehicle for water and wastewater projects in Pennsylvania under the State Revolving Loan Program.

The PennVest money is currently being used to construct water tanks, booster stations, tank bypass lines and renovate wells. These issuances will come on the heels of a June 28 closing of an \$18.4 million bond issuance for a new treatment plant for Consumers Pennsylvania Water Company's Shenango Valley Division through the Mercer County Industrial Development Authority at a coupon rate of six percent.

PSC's Consumers Illinois Water subsidiary expects to close a \$4.5 million tax-exempt bond issue in September at an estimated coupon rate of six percent through the Will/Kankakee Regional Development Authority. The money will fund a tank and several transmission mains in the City of Kankakee.

Finally, PSC's Consumers New Jersey subsidiary expects to close three loans in November totaling \$3.5 million from the New Jersey Environmental Infrastructure Trust at a weighted rate of three percent. The money will be used to fund construction of a tank and three water mains.

PSC Treasurer Kathy Pape said she anticipates that the low interest loans and tax-exempt bonds will have a significant and positive impact on the company's interest expense. We estimate that at a taxable rate of approximately eight percent, we are saving nearly \$20 million in interest expense over the life of these loans, said Pape. This net savings of between 200 and 700 basis points in interest allows us to accelerate the pace of our capital improvements and continue to provide our customers with high quality water at a reasonable cost.

Pape said the company was granted more than \$30 million in low interest loans and tax-exempt bonds last year for capital projects in Maine and Pennsylvania.

PSC is the holding company for Philadelphia Suburban Water Company and Consumers Water Company, regulated public utilities that provide water to approximately two million residents in Pennsylvania, Ohio, Illinois, New Jersey and Maine. PSC is a publicly-traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC and has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

This release contains certain forward-looking statements involving risks, uncertainties and other factors that may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors include, among others, the following: general economic business conditions; the success of certain cost containment initiatives; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.

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### CONTACT:

Philadelphia Suburban Corporation, Bryn Mawr  
Meg Grady, Director, Investor Relations  
610/645-1084  
gradym@suburbanwater  
or  
Donna Alston, Director, Communications  
610/645-1095  
alstond@suburbanwater.com