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 March 31, 1999

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 March 31, 1999

40,779,838

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

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

Assets	March 31, 1999	December 31, 1998
Property, plant and equipment, at cost	$ 1,265,149	$ 1,248,621
Less accumulated depreciation	238,825	232,427
Net property, plant and equipment	1,026,324	1,016,194
Current assets:		
Cash and cash equivalents	6,046	8,247
Accounts receivable and unbilled revenues, net	37,572	40,768
Inventory, materials and supplies	3,928	3,857
Prepayments and other current assets	5,489	7,026

Total current assets	53,035	59,898
Regulatory assets	57,698	57,697
Deferred charges and other assets, net	20,219	22,944
	$ 1,157,276	$ 1,156,733
Liabilities and Stockholders' Equity		
Stockholders' equity:		
6.05% Series B cumulative preferred stock	$ 1,760	$ 3,220
Common stock at $.50 par value, authorized 100,000,000 shares, outstanding 40,779,838 and 40,702,311 in 1999 and 1998	20,672	20,617
Capital in excess of par value	246,309	244,457
Retained earnings	87,270	91,683
Minority interest	2,587	2,589
Treasury stock, 564,821 and 533,292 shares in 1999 and 1998	(10,150)	(9,478)
Total stockholders' equity	348,448	353,088
Long-term debt, excluding current portion	401,453	413,309
Commitments	--	--
Current liabilities:		
Current portion of long-term debt	25,781	2,981
Loans payable	33,060	24,615
Accounts payable	11,180	25,248
Accrued interest	8,585	8,406
Accrued taxes	13,747	14,382
Other accrued liabilities	21,559	22,389
Total current liabilities	113,912	98,021
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	128,013	126,809
Customers' advances for construction	56,877	57,781
Other	6,929	6,808
Total deferred credits and other liabilities	191,819	191,398
Contributions in aid of construction	101,644	100,917
	$ 1,157,276	$ 1,156,733

See notes to consolidated financial statements on page 5 of this report.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

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

(UNAUDITED)

	Three Months Ended March 31,	
	1999	1998
Operating revenues	$ 58,597	$ 57,933
Costs and expenses:		
Operations and maintenance	22,725	23,604
Depreciation	7,419	6,716
Amortization	420	562
Taxes other than income taxes	5,588	5,850
Restructuring costs	3,787	--
	39,939	36,732
Operating income	18,658	21,201
Other expense (income):		
Interest expense	8,091	8,227
Dividends on preferred stock of subsidiary and minority interest	15	38
Allowance for funds used during construction	(388)	(195)
Merger transaction costs	6,334	--
Income before income taxes	4,606	13,131
Provision for income taxes	4,255	5,230
Net income	351	7,901
Dividends on preferred stock	35	49

Net income available to common stock	$ 316	$ 7,852
Net income per common share:		
Basic	$ 0.01	$ 0.20
Diluted	$ 0.01	$ 0.19
Average common shares outstanding during the period:		
Basic	40,771	39,793
Diluted	41,285	40,279

See notes to consolidated financial statements on page 5 of this report.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands of dollars)

(UNAUDITED)

	Three Months Ended March 31,	
	1999	1998
Cash flows from operating activities:		
Net income	$ 351	$ 7,901
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	7,841	7,278
Deferred income taxes	1,204	806
Net decrease in receivables, inventory and prepayments	3,757	3,060
Net decrease in payables, accrued interest, accrued taxes and other accrued liabilities	(7,353)	(2,348)
Other	1,726	(1,004)
Net cash flows from operating activities	7,526	15,693
Cash flows from investing activities:		
Property, plant and equipment additions, including allowance for funds used during construction of $388 and $195	(19,357)	(14,375)
Acquisitions of water systems	(145)	(22,613)
Other	(1,333)	428
Net cash flows used in investing activities	(20,835)	(36,560)
Cash flows from financing activities:		
Customers' advances and contributions in aid of construction	897	1,383
Repayments of customers' advances	(1,360)	(1,077)
Net proceeds (repayments) of short-term debt	8,445	(4,145)
Proceeds from long-term debt	12,066	21,674
Repayments of long-term debt	(1,156)	(10,318)
Redemption of preferred stock of subsidiary	(1,460)	(4,214)
Proceeds from issuing common stock	2,024	28,250
Repurchase of common stock	(790)	(2,781)
Dividends paid on preferred stock	(37)	(49)
Dividends paid on common stock	(7,521)	(7,246)
Other	--	(48)
Net cash flows from financing activities	11,108	21,429
Net increase (decrease) in cash and cash equivalents	(2,201)	562
Cash and cash equivalents at beginning of year	8,247	3,374
Cash and cash equivalents at end of period	$ 6,046	$ 3,936

See Merger with Consumers Water Company footnote for description of non-cash investing and financing activities.

See notes to consolidated financial statements on page 5 of this report.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

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

(UNAUDITED)

	March 31, 1999	December 31, 1998
Stockholders' equity:		
6.05% Series B cumulative preferred stock	$ 1,760	$ 3,220
Common stock, $.50 par value	20,672	20,617
Capital in excess of par value	246,309	244,457
Retained earnings	87,270	91,683
Minority interest	2,587	2,589
Treasury stock	(10,150)	(9,478)
Total stockholders' equity	348,448	353,088
Long-term debt:		
First Mortgage Bonds secured by utility plant:		
Interest Rate Range		
0.00% to 1.00%	933	949
5.60% to 5.99%	31,945	21,945
6.00% to 6.49%	87,210	87,210
6.50% to 6.99%	55,200	55,200
7.00% to 7.49%	40,000	40,001
7.50% to 7.99%	23,000	23,000
8.00% to 8.49%	16,500	16,500
8.50% to 8.99%	9,007	9,011
9.00% to 9.49%	53,776	53,776
9.50% to 9.99%	51,820	51,820
10.00% to 10.55%	6,000	6,000
Total First Mortgage Bonds	375,391	365,412
Note payable to bank under revolving credit agreement, due March 2000	37,800	38,935
Notes payable to banks under revolving credit agreements, due June 2000	12,500	10,400
Installment note payable, 9%, due in equal annual payments through 2013	1,543	1,543
	427,234	416,290
Current portion of long-term debt	25,781	2,981
Long-term debt, excluding current portion	401,453	413,309
Total capitalization	$749,901	$766,397

See notes to consolidated financial statements on page 5 of this report.

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

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

Note 1 Basis of Presentation

On March 10, 1999, the Company completed a merger with Consumers Water Company ("CWC"). See Note 2 - Merger with Consumers Water Company. The merger has been accounted for as a pooling-of-interests under Accounting Principles Board Opinion No. 16. Accordingly, the Company's consolidated financial statements have been restated to include the accounts and results of CWC as if the merger had been completed as of the beginning of the earliest period presented. Certain reclassifications were made to the historical financial statements of the two companies to conform presentations.

The accompanying consolidated balance sheet and statement of capitalization of Philadelphia Suburban Corporation at March 31, 1999, the consolidated statements of income for the three months ended March 31, 1999 and 1998, and the consolidated statements of cash flow for the three months ended March 31, 1999 and 1998 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, 1998. PSC will file a Form 8-K on or before May 24, 1999 containing the Company's consolidated financial statements as of December 31, 1998 and 1997 and for the three years ended December 31, 1998, 1997 and 1996, restated to reflect the merger with CWC which is accounted for as a pooling-of-interests.

Note 2 Merger with Consumers Water Company

On March 10, 1999, the Company completed a merger ("the Merger") with Consumers Water Company ("CWC"). The Merger was effected pursuant to a June 27, 1998 merger agreement, as amended and restated by the parties effective as of August 5, 1998. The Merger was completed after the transaction received the approvals from the state utility commissions in each state in which the companies operate. The shareholders of each company approved the Merger at special meetings held on November 16, 1998. Pursuant to the merger agreement, the Company issued 13,014,015 shares of common stock in exchange for all of the outstanding stock of CWC. CWC common shareholders received 1.432 shares of the Company's Common Stock for each CWC common share and CWC preferred shareholders received 5.649 shares of the Company's Common Stock for each preferred share. As a result of the Merger, CWC became a wholly-owned subsidiary of the Company. CWC serves approximately 227,000 customers in service territories covering parts of Pennsylvania, Ohio, Illinois, New Jersey and Maine.

During the first quarter of 1999, the Company recorded a charge of $6,134, net of tax benefits of $200, for merger transaction costs consisting primarily of fees for investment bankers, attorneys, accountants, and other administrative charges. In addition, the Company recorded restructuring costs of $2,462, net of tax benefits of $1,325, that includes severance and other costs associated with the closing of CWC's corporate office. As of December 31, 1998, $3,368 of merger-related costs were paid and deferred by the Company and $6,753 were incurred in the first quarter of 1999. The merger-related costs have been reported on separate lines in the Consolidated Statements of Income.

Note 3 Acquisitions

In January 1999, the Pennsylvania Public Utility Commission ("PAPUC") approved PSW's franchise application to expand the Company's service territory in Cumru Township, Berks County. It is anticipated that new customers will result as the area is developed over time.

In March 1999, CWC's Pennsylvania subsidiary purchased the water system assets that the New Wilmington Municipal Authority and the Wilmington Borough owned jointly, for $55 in cash. The service territory covers 33 square miles and is located in Wilmington Borough, Mercer County and Wilmington Borough, Lawrence County. The annual revenues of this system approximate $165.

In March 1999, PSW's wastewater subsidiary acquired the wastewater system assets from a real estate developer and a township for $162 in cash, payable in installments over four years. The service territory covers approximately a one-half square mile area in East Bradford Township, Chester County. The annual revenues of this system approximate

$40.

The Company continues to actively explore other opportunities to expand its utility operations through acquisitions and otherwise.

Note 4 Long-term Debt and Loans Payable

In January 1999, PSW issued a First Mortgage Bond of $10,000 5.85% Series due 2004 and in April 1999, PSW issued a First Mortgage Bond of $15,000 6.00% Series due 2004 through the medium-term note program. Proceeds from these issues were used to reduce the balance of PSW's revolving credit facility. Accordingly, $15,000 of the outstanding balance of PSW's revolving credit agreement has been classified as long-term debt.

Note 5 Water Rates

During the first quarter of 1999, the CWC operating subsidiaries settled one rate case and received a rate increase granted under the terms of a rate settlement from a previous year in two CWC divisions resulting in an aggregate annual revenue increase of $390 for the recovery of and return on capital used to fund capital expenditures. In May 1999, a rate application was filed by CWC's Illinois subsidiary. The amount of increased annual revenue requested is $558 and a decision is anticipated during the first quarter of 2000.

Water utilities in Pennsylvania are permitted by the PAPUC to add a Distribution System Improvement Charge ("DSIC") to their water bills reflecting the capital costs and depreciation related to certain distribution system improvement projects completed and placed into service between base rate filings. PAPUC rules require a utility to suspend the use of the DSIC in the quarter subsequent to a twelve-month period that the utility's adjusted return on equity exceeds a benchmark established by the PAPUC. The benchmark is established quarterly by the PAPUC staff based on recent economic data. Based on the adjusted return on equity for 1998 and the most recent benchmark, PSW's DSIC resumed in the second quarter of 1999 and has been set at 3.05% of base water rates after having been suspended in the first quarter of 1999. The amount or the continuation of the DSIC in the third quarter of 1999 is dependent on PSW's return on equity and the benchmark established by the PAPUC and therefore is not determinable at this time.

In addition to its base rates and DSIC, PSW has utilized a surcharge on its bills to reflect certain changes in Pennsylvania State taxes until such time as the tax changes are incorporated into base rates. From May 1998 until February 1999, PSW was required to provide a revenue credit of 0.11% ($110 on an annual basis) of base water rates in order to provide its customers with the savings associated with a decrease in the Pennsylvania Capital Stock Tax rate. In February 1999, PSW added a 1.04% surcharge ($1,384 on an annual basis) as a result of increases in the Pennsylvania Public Utility Realty Tax, resulting in an overall surcharge of 0.93%. Effective April 1, 1999, the overall surcharge was adjusted to 0.96% due to a change in the revenue credit from 0.11% to 0.8%.

Note 6 Net Income per Common Share

Basic net income per share is based on the weighted average number of common shares outstanding. Diluted income per 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 share. The following table summarizes the shares used in computing Basic and Diluted net income per share:

	Three Months Ended March 31,	
	1999	1998
the period for Basic computation	40,771	39,793
Dilutive effect of employee stock options	514	486
Average common shares outstanding during the period for Diluted computation	41,285	40,279

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 contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements address, among other things, the Company's: use of cash; projected capital expenditures; the merger with Consumers Water Company; liquidity; Year 2000 disclosure, including statements regarding readiness, remediation, costs, risks and contingency plans; 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 the Company's control. Actual results may differ materially from such statements for a number of reasons, including the effects of regulation, changes in capital requirements and funding, acquisitions and the Year 2000 readiness of third parties with whom the Company deals. The Company undertakes 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 ("PSC" or "the Company"), a Pennsylvania corporation, is the holding Company of Philadelphia Suburban Water Company ("PSW") and Consumers Water Company ("CWC"). PSW, a regulated water utility, provides water to approximately 301,000 customers within its 482 square-mile service territory. PSW's service territory is located north and west of the City of Philadelphia. In addition, water service is provided to approximately 6,700 customers through an operating and maintenance contract with a municipal authority contiguous to its service territory.

CWC owns 100% of the voting stock of four water companies and at least 96% of the voting stock of three water companies, collectively CWC's operating subsidiaries. These water companies are regulated water utilities providing water and wastewater service in 27 operating divisions to approximately 227,000 customers in Pennsylvania, Ohio, Illinois, New Jersey and Maine.

Financial Condition

During the quarter, the Company had $19,357 of capital expenditures, redeemed

$1,460 of preferred stock, and repaid $1,360 of customer advances for construction. Of the total capital expenditures during the quarter, $3,500 was related to the construction of the Shenango water treatment plant in Sharon, Pennsylvania, $5,100 for infrastructure improvements and the balance for routine capital improvements. Construction of the Shenango plant commenced in December 1997, is expected to cost $34,000 and completion is anticipated in the first quarter of 2000.

During the quarter, the proceeds from the issuance of long-term debt, proceeds from the issuance of common stock, 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 connection with the merger of CWC on March 10, 1999, the Company issued 13,014,015 shares

of common stock in exchange for all of the outstanding stock of CWC. In January 1999, PSW issued a First Mortgage Bond of $10,000 5.85% Series due 2004 through the medium-term note program. In April 1999, PSW issued a First Mortgage Bond of $15,000 6.00% Series due 2004. Proceeds from these issues were used to reduce the balance of PSW's revolving credit facility.

At March 31, 1999, the Company, PSW and CWC had $7,945, $1,000 and $55,795 available, respectively under short-term lines of credit. PSW and CWC had $12,200 and $22,500 available, respectively, under its revolving credit agreements.

Management believes that internally generated funds along with existing credit facilities and the issuance of long-term debt are adequate to meet the Company's financing requirements for the balance of the year and beyond.

Results of Operations

Analysis of First Quarter of 1999 Compared to First Quarter of 1998

Revenues for the quarter increased $664 or 1.1% primarily due to rate increases, additional revenues from acquisitions and an increased volume of water sold, offset in part by $1,465 of revenues associated with CWC's New Hampshire operations which was sold in April 1998. Nine rate increases were granted or became effective in various CWC divisions since the first quarter of 1998, accounting for an additional $835 of revenues.

Operations and maintenance expenses decreased by $879 or 3.7% due to $527 of operations and maintenance expenses associated with CWC's New Hampshire operations which was sold in April 1998, savings from reduced electric costs as a result of electric deregulation in Pennsylvania and continuing cost containment efforts. The decreased operating costs were offset in part by higher maintenance expenses at PSW resulting from an increased number of main breaks. The increase in PSW's main breaks in 1999 was a result of a colder winter in comparison to the mild winter weather experienced in 1998.

Depreciation expense increased $703 or 10.5% reflecting the utility plant placed in service since the first quarter of 1998, including the assets acquired through system acquisitions.

Amortization decreased $142 primarily due to the completion of the amortization in 1998 of the costs associated with PSW's 1997 rate filing.

Taxes other than income taxes decreased by $262 or 4.5% due to the other taxes of CWC's New Hampshire operations, sold in April 1998 and a reduction in state regulatory taxes.

Restructuring costs of $3,787 were recorded in the first quarter of 1999, as described in Note 2 - Merger with Consumers Water Company, which includes severance of $2,940 and other costs associated with the closing of CWC's corporate office.

Interest expense decreased by $136 or 1.7% due to a reduction in debt associated with CWC's New Hampshire operations, lower interest rates on borrowings, offset in part by increased borrowings to finance on-going capital projects and acquisitions.

Allowance for funds used during construction increased by $193 primarily due to an increase in the average balance of utility plant construction work in progress resulting from the construction of the $34,000 Shenango water treatment

plant. Construction commenced on this facility in December 1997 and is expected to be completed in the first quarter of 2000.

The merger transaction costs in the first quarter of 1999 of $6,334 represents the fees for investment bankers, attorneys, accountants, and other administrative charges associated with the merger of Consumers Water Company consummated on March 10, 1999. See Note 2 - Merger with Consumers Water Company.

The Company's effective income tax rate was 92.4% in the first quarter of 1999 and 39.8% in 1998. The effective tax rate increased due to the estimated non-deductible portion of the $10,121 of merger transaction costs in the first quarter of 1999. Exclusive of the merger costs and related tax benefits of $1,525, the 1999 effective income tax rate would be 39.2%.

Dividends on preferred stock decreased $14 or 28.6% 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 quarter decreased by $7,536, of which $8,596 was related to the merger transaction costs and other factors described above. On a diluted per share basis, earnings decreased $.18 reflecting the change in net income and a 2.5% increase in the average number of common shares outstanding. The increase in the number of shares outstanding is primarily a result of the 1.25 million share stock offering in February 1998 and the additional shares sold through the Dividend Reinvestment Plan and the employee stock and incentive plan.

Year 2000

Overview

The Company is actively pursuing a Year 2000 Program (the "Program"). The objective of the Program is to provide reasonable assurance that the Company's critical systems and processes that impact the Company's ability to deliver water to its customers will not experience significant interruptions that would interfere with such water service or result in a material business impairment that would have an adverse impact to the Company's operations, liquidity or financial condition as a result of the Year 2000 issue. For purposes of the Program, the Year 2000 issue is defined as whether information technology accurately processes date and time data from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations. The Company's systems and processes being reviewed include: (i) internal systems and processes, consisting of software, databases, information technology hardware and imbedded microprocessors; and (ii) relationships with third parties. The Program involves a systematic approach to the Year 2000 issue consisting of the following steps: (i) inventorying the component elements of the Company's systems and processes; (ii) assessing whether there are Year 2000 issues with such systems and processes; (iii) remediation of systems and processes that are identified as having Year 2000 issues; (iv) testing the remediation measures that are implemented; and (v) developing contingency plans.

The Company's State of Readiness

Internal Systems and Processes - The Company is evaluating its systems and processes based on a prioritization of the risks they pose to the overall objectives of the Program. Therefore, different systems and processes are in different phases of the overall Program. An inventory of all critical systems and processes and an assessment of Year 2000 issues for the Company's critical systems has been completed. As a result of the assessment, it was determined that the internal systems and processes directly related to the treatment and distribution of water to its customers would not be significantly affected by the Year 2000 issue. Some financial and office systems may be affected and the remediation or replacement and testing of these systems is under way. It is anticipated that remediation or replacement and testing of these systems will be completed in the summer of 1999.

Relationships with Third Parties - The Company's relationships with third parties that may be affected by the Year 2000 issue may be classified into three categories: customers; suppliers; and third party software vendors. The majority of the Company's revenues are from residential customers and commercial customers (consisting primarily of apartments, colleges, hospitals, small businesses and municipalities), and from fire protection services. It is not anticipated that water use by customers in these categories will be significantly affected by the Year 2000 issue. The Company's industrial customers represent approximately 6% of its total 1998 revenues and the Company intends to contact its largest industrial customers to determine whether they anticipate any adverse effect on their demand for water as a result of the Year 2000 issue. No single customer accounted for more than one percent of the Company's 1998 revenues.

The Company has contacted its key suppliers to determine their Year 2000 compliance status and the responses received to date indicate that such suppliers are or intend to be Year 2000 compliant. Because of the substantial electric power requirements of the Company's water treatment and distribution systems, electric power supply may be the most critical supplier relationship. To date, the Company's electric suppliers have indicated that they expect to be Year 2000 compliant by October 31, 1999. Third party vendors of critical software systems have been contacted regarding the compliance status of their software and either the vendors have represented that their software packages are compliant or the software is being remedied as part of the Company's Year 2000 Program.

The Costs to Address the Company's Year 2000 Issues

The Company estimates its cost to date for its Year 2000 Program to be approximately $5,500 which includes the costs to develop a new customer billing system that the Company is implementing to provide added capacity and capabilities. The Company presently estimates that it will spend an additional amount of approximately $2,700 to bring all of its critical systems into compliance.

The Risks of the Company's Year 2000 Issues

A material Year 2000 noncompliance could result in an interruption in, or failure of, certain normal business activities or operations. Such noncompliance could materially and adversely affect the Company's water service and results of operations, liquidity and financial condition. Because of the uncertainty inherent in the Year 2000 issue, due primarily from the uncertainty of the Year 2000 readiness of third party suppliers, the Company is unable to determine at this time whether the consequences of Year 2000 noncompliances will have a material impact on the Company. The Company's Year 2000 Program is expected to significantly reduce the Company's level of uncertainty about the Year 2000 issue and, in particular, about the Year 2000 compliance and readiness of its key vendors and suppliers. The Company believes that, with the completion of its Program, the possibility of significant interruptions of normal operations should be reduced.

The Company's Contingency Plans

The Company is evaluating contingency plans in the event that any critical systems or processes or vendor relationships cannot be verified as Year 2000 compliant. Contingency plans are also being developed for certain other critical systems, notwithstanding a determination of their Year 2000 compliance, where such systems would have a significant effect on the Company's ability to deliver water to its customers. The Company intends to complete its contingency planning process for its mission critical systems by mid-1999.

Forward-looking Statements

The statements in the Company's Year 2000 disclosure contain forward-looking statements and should be read in conjunction with the Company's disclosure under the "Forward-looking Statements" section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Impact of Recent Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company adopted this statement effective January 1, 1999 and did not have a material impact on the Company's results from operations or financial condition.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-Up Activities." The Company adopted this statement effective January 1, 1999 and did not have a material impact on the Company's results from operations or financial condition.

In June 1998, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). This statement establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 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. The Company plans to adopt this statement in 2000 as required. As of March 31, 1999, the Company had no derivative instruments or hedging activities.

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 the Company's Annual Report on Form 10-K for the year ended December 31, 1998, which is included by a reference herein.

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 March 12, 1999, responding to Item 2, Acquisition or Disposition of Assets; Item 5, Other Events; and Item 7, Financial Statements and Exhibits. (Related to the March 10, 1999 consummation of the previously announced agreement to merge Consumers Water Company with and into a wholly-owned subsidiary of PSC).

Current Report on Form 8-K/A, Amendment No. 1 to the Form 8-K filed on March 12, 1999, filed May 5, 1999, responding to Item 7, Financial Statements and Exhibits. (Financial statements of Consumers Water Company for the period ended December 31, 1998 and the notes thereto, and the report of Arthur Andersen LLP, independent auditors).

Current Report on Form 8-K/A, Amendment No. 2 to the Form 8-K filed on March 12, 1999, filed May 11, 1999, responding to Item 7, Financial Statements and Exhibits. (Pro forma condensed combined balance sheet (unaudited) as of December 31, 1998 and the pro forma combined statement of income (unaudited) for the three years ended December 31, 1998, 1997 and 1996 and the notes thereto).

PHILADELPHIA SUBURBAN CORPORATION AND SUBSIDIARIES

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.

May 17, 1999

PHILADELPHIA SUBURBAN CORPORATION

Registrant

/s/ Nicholas DeBenedictis

Nicholas DeBenedictis
Chairman and President

/s/ David P. Smeltzer

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

EXHIBIT INDEX

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<ARTICLE> UT
<LEGEND>
This schedule contains summary financial information extracted from the consolidated balance sheets and the statements of capitalization at March 31, 1999, and the consolidated statements of income and cash flow for the three months ended March 31, 1999, and is qualified in its entirety by reference to such financial statements.
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<PERIOD-TYPE> 3-MOS
<FISCAL-YEAR-END> DEC-31-1999
<PERIOD-END> MAR-31-1999
<BOOK-VALUE> PER-BOOK
<TOTAL-NET-UTILITY-PLANT> 1,025,646
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<TOTAL-CURRENT-ASSETS> 53,035
<TOTAL-DEFERRED-CHARGES> 20,219
<OTHER-ASSETS> 57,698
<TOTAL-ASSETS> 1,157,276
<COMMON> 10,522
<CAPITAL-SURPLUS-PAID-IN> 246,309
<RETAINED-EARNINGS> 87,270
<TOTAL-COMMON-STOCKHOLDERS-EQ> 344,101
<PREFERRED-MANDATORY> 0
<PREFERRED> 1,760
<LONG-TERM-DEBT-NET> 401,453
<SHORT-TERM-NOTES> 0
<LONG-TERM-NOTES-PAYABLE> 33,060
<COMMERCIAL-PAPER-OBLIGATIONS> 0
<LONG-TERM-DEBT-CURRENT-PORT> 25,781
<PREFERRED-STOCK-CURRENT> 0
<CAPITAL-LEASE-OBLIGATIONS> 0
<LEASES-CURRENT> 0
<OTHER-ITEMS-CAPITAL-AND-LIAB> 351,121
<TOT-CAPITALIZATION-AND-LIAB> 1,157,276
<GROSS-OPERATING-REVENUE> 58,597
<INCOME-TAX-EXPENSE> 4,255
<OTHER-OPERATING-EXPENSES> 39,939
<TOTAL-OPERATING-EXPENSES> 44,194
<OPERATING-INCOME-LOSS> 14,403
<OTHER-INCOME-NET>

(6,349)
<INCOME-BEFORE-INTEREST-EXPEN> 8,054
<TOTAL-INTEREST-EXPENSE> 7,703
<NET-INCOME> 351
<PREFERRED-STOCK-DIVIDENDS> 35
<EARNINGS-AVAILABLE-FOR-COMM> 316
<COMMON-STOCK-DIVIDENDS> 7,521
<TOTAL-INTEREST-ON-BONDS> 28,484
<CASH-FLOW-OPERATIONS> 7,526
<EPS-PRIMARY> 0.01
<EPS-DILUTED> 0.01