



## **Aqua America's Florida Operating Subsidiary Reaches Settlement Agreement on Proposed Rate Increase**

BRYN MAWR, Pa., Aug 30, 2007 (BUSINESS WIRE) --

Aqua America, Inc. (NYSE:WTR) today announced that its Florida subsidiary, Aqua Utilities Florida, Inc., has reached a settlement agreement with Florida's Office of the Public Counsel and its Attorney General concerning the company's proposed rate increase. In a 5-0 vote, the Florida Public Service Commission (PSC) approved a settlement agreement.

Aqua Utilities Florida (Aqua), which is the company's ninth largest subsidiary serving less than 38,000 customers, comprises approximately 4 percent of Aqua America's total customer base. Nearly one third of Aqua's Florida customers are regulated by individual counties and as such are not affected by the settlement.

Also as part of the agreement, Aqua has voluntarily withdrawn its revenue increase request of \$7.3 million and its proposed regionalization plan to consolidate the 80 small, spread-out water systems into 15 county-based systems. Aqua will refund, in accordance with Florida PSC guidelines, the interim rates the company has been charging since mid-April.

Among the settlement terms, an agreement was reached to hold a collaborative work session later this year with the parties involved to discuss regionalization of rates. Rate consolidation was one of the key issues in the case because of the expense and inefficiency associated with filing a rate case in Florida where Aqua operates - in addition to its larger county regulated divisions - 80 separate, PSC regulated rate divisions.

"Although I am disappointed with the ultimate outcome of this case, we remain encouraged about our future in Florida. The company plans to continue its commitment to customers through a sustained capital program, which will be openly discussed in local Florida town meetings as agreed in the settlement," said Christopher Franklin, Aqua's President - Southern Operations.

Franklin added, "Many of these customers have not had a rate increase since the early 90s. We have invested more than \$10 million to improve the systems since entering the state in 2003."

Aqua America expanded into Florida when it acquired the water and wastewater systems owned by AquaSource, Inc., a subsidiary of Duquesne Light Holdings, Inc. in 2003, and the water systems owned by Florida Water Services Corporation, a subsidiary of Allete, Inc., in 2004. The company did not pay a premium over net asset value for any of the systems, most of which required significant capital additions to upgrade facilities and address environmental issues. By 2006, the majority of the systems were brought into compliance with Aqua's internal requirements as well as applicable federal and state standards, therefore permitting the filing of the rate proceeding.

"The parties have agreed that an inclusive workshop held with the Commissioners and Staff by the end of the year is the most appropriate venue to discuss the various rate consolidation options. The company looks forward to a productive workshop that will provide clear direction on the process of regionalization of rates in Florida," said Franklin.

Aqua America, Inc. is a U.S.-based publicly traded water and wastewater utility, serving approximately 2.8 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, New York, Indiana, Florida, Virginia, Maine, Missouri, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, our plan to continue our long-term strategy including capital investment in acquired systems, and the process of regionalization of rates in Florida. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

SOURCE: Aqua America, Inc.

Aqua America, Inc.  
Kevin M. Brophy  
Director, Investor Relations  
610-645-1020  
[kmbrophy@aquaamerica.com](mailto:kmbrophy@aquaamerica.com)

or

Donna Alston  
Director, Communications  
610-645-1095  
[dpalston@aquaamerica.com](mailto:dpalston@aquaamerica.com)

Copyright Business Wire 2007

News Provided by COMTEX