

Aqua America, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

September 2, 2010

**VIA EDGAR AND FACSIMILE (202.772.9361)**

Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Attn: H. Christopher Owings, Assistant Director, Division of Corporation Finance

**RE: Aqua America, Inc.**  
**Form 10-K for Fiscal Year Ended December 31, 2009**  
**Filed February 26, 2010**  
**Definitive Proxy Statement filed on Schedule 14A**  
**Filed April 2, 2010**  
**File No. 001-06659**

Dear Mr. Owings:

This letter is being submitted in response to the comments given by the staff of the Division of Corporation Finance of the Securities and Exchange Commission (the "Commission") as set forth in your letter to Mr. Nicholas DeBenedictis, dated August 19, 2010, with respect to the above-reference filings.

*Definitive Proxy Statement filed on Schedule 14A*

*Compensation Discussion and Analysis, page 17*

*Benchmarking Competitive Compensation and the Role of the Committee's Consultant page 18*

1. We note your response to comment 3 in our letter dated July 8, 2010. Please clarify whether you use the entire Composite Market database as a reference point, since your disclosure indicates that you use "size-adjusted utility companies" in the Composite Market to benchmark total cash compensation and "size-adjusted utility companies and general businesses" in the Composite Market to benchmark equity incentives. Also disclose how the component companies are size-adjusted. Please disclose the component companies in the general industry database that you use as a reference point on which to base compensation decisions. You may wish to present this data in an appendix.
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In response to the staff's comments in its August 19, 2010 letter, all the utility companies in the Composite Market (consisting of the companies participating in the water utility compensation survey and the investor-owned utility companies included in the compensation consultant's utility database) are used as a reference point to benchmark total cash compensation for the Company's executives and all of the companies included in the Composite Market are used as a reference point to benchmark the equity incentives for the Company's executives. In future filings we will disclose all the companies in the Composite Market in an appendix to the Proxy Statement (such companies are set forth in Appendix A hereto). In addition, in future filings we will disclose how the compensation data from the companies in the Composite Market are size-adjusted by the independent compensation consultant. An illustration of how these additional disclosures would have been presented in the "Benchmarking Competitive Compensation and the Role of the Committee's Consultant" section of its Compensation Discussion and Analysis of the Company's Definitive Proxy Statement filed on Schedule 14A filed on April 2, 2010 is set forth below:

~~"In developing the market rates for the executive officers, the consultant uses survey compensation data from utility companies in the consultant's utility industry database, an independent water utility compensation survey, and the consultant's general industry database, which together is referred to as the "Composite Market". The Composite Market is composed of all 57 investor-owned utility companies included in the consultant's utility industry database, approximately 60 companies, from the consultant's utility industry database, all 8 water utility companies from participating in the independent water utility database compensation survey, and approximately 750 companies that participate included in the consultant's general industry database, which together is referred to as the "Composite Market". The companies participating in the water utility compensation survey, the consultant's utility industry database and the consultant's general industry database are listed in Appendix A to this Proxy Statement. The Company has no involvement in the selection of the companies that are included in these databases or the survey. Each company listed in Appendix A is part of the Composite Market. Information on compensation for positions in these databases with similar scopes of responsibilities is compared primarily based on the revenues of the organizations in the databases. For instance, a chief executive officer in a company with higher revenues is usually paid more than a chief executive officer in a company with lower revenues. Due to the relatively limited number of investor-owned water utility companies of the Company's size, the Compensation Committee believes that using this broad survey Composite Market data provides reasonable and reliable data for determining competitive compensation levels. Towers Watson uses regression analysis to size-adjust the survey data for each named executive officer's scope of responsibilities, where possible.~~

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In measuring the competitiveness of the Company's executive compensation program, the Compensation Committee compares:

- ~~the~~each executive officer's total cash compensation to the market rate derived from size-adjusted compensation data for the executive's position at the 50<sup>th</sup> percentile of compensation levels for size-adjusted companies in the Composite Market~~comparable executives at only the utility companies included in the Composite Market~~; and
- ~~the~~each executive officer's equity incentives to the market rate derived from size-adjusted compensation data for the executive's position at the 50<sup>th</sup> percentile of a 50/50 blend of size-adjusted utility companies and general businesses in the Composite Market~~comparable executives at all companies included in the Composite Market (in determining such market rate, the utility companies included in the Composite Market are weighted 50% as a group, and the general industry companies included in the Composite Market are weighted 50% as a group)~~. We believe that a blended approach is appropriate for equity incentives in order to place a strong focus on creating value for Aqua America's shareholders and to enable us to compete for talent both within and outside of the traditional utility industry.

The Company and the independent compensation consultant are mindful that compensation levels for executives of utility and general industry companies are typically aligned with a company's scope as defined by revenues. In other words, executives in companies with higher revenues are generally paid more than executives with comparable positions in companies with lower revenues. Because the companies included in the Composite Market vary widely in terms of revenues, the independent compensation consultant size-adjusts the data using regression analysis to determine market rates for total cash compensation and equity incentives. Regression analysis is an objective calculation that identifies a relationship between one variable (in this case, total cash compensation and equity incentives) and another variable that is closely related to it (in this case, total company revenues). Therefore, in developing the market rate for total cash compensation and equity incentives, the independent compensation consultant uses regression analysis to determine what utility companies in the Composite Market would pay at the median as total cash compensation for positions comparable to those of the Company's executives and what amount of equity incentives all companies in the Composite Market would provide at the median, if such companies had revenues similar to the revenues of the Company."

In addition, pursuant to the Staff's request, the Company hereby acknowledges that:

- The Company is responsible for the adequacy and accuracy of the disclosure in the filing;
  - Staff comments or changes to disclosure in response to Staff comments do not foreclose the Commission from taking any action with respect to the filing; and
  - The Company may not assert Staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.
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Please do not hesitate to contact the undersigned at 610-645-1035 if you should have any questions or comments with regard to these responses.

Sincerely,

/s/ Roy H. Stahl  
Roy H. Stahl  
Chief Administrative Officer,  
General Counsel and Secretary

cc: Nicholas DeBenedictis  
David P. Smeltzer  
Robert A. Rubin

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### Companies Included in Composite Market

#### *Companies Participating in Water Utility Compensation Survey*

Aqua America, Inc.	San Jose Water Company
Aquarion Water Company	Suburban Water Systems
Middlesex Water Company	United Water
Pennichuck Water Company	The York Water Company

#### *Utility Companies Included in Compensation Consultant's Utility Industry Database*

AGL Resources	Progress Energy
NSTAR	Dominion Resources
Allegheny Energy	Public Service Enterprise Group
NV Energy	Duke Energy
Allele	Puget Energy
NW Natural	E.ON U.S.
Alliant Energy	SCANA
Nicor	Edison International
Ameren	Sempra Energy
NorthWestern Energy	Energy Future Holdings
American Electric Power	Southern Company Services
Northeast Utilities	Energy
Atmos Energy	Southern Union Company
OGE Energy	Exelon
Avista	TECO Energy
Otter Tail	FPL Group
Black Hills Power and Light	UIL Holdings
PNM Resources	FirstEnergy
CMS Energy	UniSource Energy
PPL	Hawaiian Electric
CenterPoint Energy	Unitil
Pacific Gas & Electric	IDACORP
Cleco	Westar Energy
Pepco Holdings	Integrus Energy Group
Consolidated Edison	Wisconsin Energy
Pinnacle West Capital	MDU Resources
Constellation Energy	Xcel Energy
Portland General Electric	MGE Energy
DPL	

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*Companies Included in Compensation Consultant's General Industry Database*

3M  
7-Eleven  
A&P  
A.O. Smith  
A.T. Cross  
AAA of Science  
Abbott Laboratories  
ABC  
Accenture  
ACH Food  
Advance Publications  
Advanced Micro Devices  
Advanstar Communications  
Aegon USA  
AEI Services  
Aerojet  
Aeropostale  
AFLAC  
Agilent Technologies  
AGL Resources  
Agrium U.S.  
AIG  
Air Products and Chemicals  
Alcatel-Lucent  
Alcoa  
Allegheny Energy  
Allergan  
Allete  
Alliance Data Systems  
Alliant Energy  
Allianz  
Allstate  
Amazon.com  
Ameren  
American Airlines  
American Chemical Society  
American Crystal Sugar  
American Electric Power  
American Express  
American Family Insurance  
American United Life  
American Water Works  
AMERIGROUP  
Ameriprise Financial  
Ameritrade  
Ameron  
AMETEK  
Amgen  
Amway  
Anadarko Petroleum  
APL  
Apollo Group  
Applied Materials  
ARAMARK  
Areva NP  
Armstrong World Industries  
Arrow Electronics  
ArvinMeritor  
Arysta LifeScience North America  
Ascend Media  
Associated Banc-Corp  
AstraZeneca  
AT&T  
ATC Management  
Atmos Energy  
Atos Origin  
Aurora Healthcare  
Auto Club Group  
Automatic Data Processing  
Avery Dennison  
Avis Budget Group  
Avista  
Avon Products  
AXA Equitable  
B&W Y-12  
BAE Systems  
Ball  
Bank of America  
Barrick Gold of North America  
Battelle Memorial Institute  
Baxter International  
Bayer  
Bayer CropScience  
BB&T  
Beckman Coulter  
Belo  
Benjamin Moore  
Best Buy  
BG US Services  
Big Lots  
Biogen Idec  
Bio-Rad Laboratories  
Blockbuster  
Blue Cross Blue Shield of Florida  
Blue Shield of California  
Blyth  
Bob Evans Farms  
Boehringer Ingelheim  
Boeing  
BOK Financial  
Booz Allen Hamilton  
Boston Scientific  
Bovis Lend Lease  
BP  
Brady  
Bremer Financial  
Bright Business Media  
Bristol-Myers Squibb  
Brown-Forman  
Bush Brothers  
CA  
Cablevision Systems  
CACI International  
Cadbury North America  
Calgon Carbon  
California Independent System Operator  
Callaway Golf  
Calpine  
Cameron International  
Capital One Financial  
Capitol Broadcasting — WRAL  
Cardinal Health  
Cargill  
Carlson Companies  
Carmeuse Lime & Stone  
Carpenter Technology  
Catalent Pharma Solutions  
Caterpillar  
Catholic Healthcare West  
CDI  
Cedar Rapids TV — KCRG  
Celestica  
Celgene  
CenterPoint Energy  
Century Aluminum  
Cephalon  
CH2M Hill  
Chevron

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Chicago Mercantile Exchange	Dana	EPCO
Chiquita Brands	Dannon	Equifax
Choice Hotels International	DCP Midstream	Equity Office Properties
Chrysler	Dean Foods	ERCOT
CHS	Deere & Company	Erie Insurance
CIGNA	Delta Airlines	Ernst & Young
CIT Group	Deluxe	ESRI
CITGO Petroleum	Denny's	Evening Post Publishing — KOAA
City National Bank	Dentsply	Evergreen Packaging
Cleco	Devon Energy	Exelon
CNA	Diageo North America	Exterran
Cobank	DIRECTV	ExxonMobil
Coca-Cola Enterprises	Dominion Resources	F & W Media
Colgate-Palmolive	Donaldson	Fairchild Controls
Colorado Springs Utilities	Dow Chemical	Fannie Mae
Columbia Sportswear	Dow Jones	FANUC Robotics America
Comcast Cable Communications	DPL	Farm Progress Companies
Comerica	Dr Pepper Snapple	Federal Home Loan Bank of Pittsburgh
Commerce Insurance	Duke Energy	Federal Home Loan Bank of San Francisco
CommScope	DuPont	Federal Reserve Bank of Cleveland
Compass Bancshares	Dynegy	Federal Reserve Bank of Dallas
CompuCom Systems	E*Trade	Federal Reserve Bank of New York
ConAgra Foods	E.ON U.S.	Federal Reserve Bank of Philadelphia
Connell	E.W. Scripps	Federal Reserve Bank of San Francisco
ConocoPhillips	Eastman Chemical	Federal Reserve Bank of St. Louis
Consolidated Edison	Eastman Kodak	Federal-Mogul
Constellation Energy	Eaton	Ferrellgas
Consumers Energy	eBay	Fidelity Investments
Consumers Union	Ecolab	Fifth Third Bancorp
Continental Airlines	Edison International	Fireman's Fund Insurance
Continental Automotive Systems	Education Management	First American
ConvaTec	Eisai	First Data
Convergys	El Paso Corporation	First Horizon National
Covance	Electric Power Research Institute	First Solar
Covidien	Eli Lilly	FirstEnergy
Cox Enterprises	Embarq	Fiserv
CPS Energy	Embrea	Fluor
Crown Castle	EMC	FMA Communications
CSR	EMCOR Group	Ford
CSX	EMI Music	Forest Laboratories
Cubic	Emulex	
Curtiss-Wright	Enbridge Energy	
CVS Caremark	Endo Pharmaceuticals	
Daiichi Sankyo	Energen	
Daimler Trucks North America	Energy Future Holdings	
	Energy Northwest	
	Entergy	

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Fortune Brands  
Forum Communications — WDAY  
FPL Group  
Franklin Resources  
Freddie Mac  
Freedom Communications  
Freeport-McMoRan Copper & Gold  
Frontier Airlines  
G&K Services  
GAF Materials  
Gannett  
Gap  
Garland Power & Light  
Garmin  
GATX  
Gavilon  
GDF SUEZ Energy North America  
Genentech  
General Atomics  
General Dynamics  
General Electric  
General Mills  
General Motors  
GenTek  
Genworth Financial  
Genzyme  
GEO Group  
Getty Images  
Gilead Sciences  
GlaxoSmithKline  
Goodrich  
Goodyear Tire & Rubber  
Google  
Gorton's  
Great-West Life Annuity  
Greif  
GS1 US  
GTECH  
Guardian Life  
Guideposts  
GXS  
H.B. Fuller  
Hanesbrands  
Hannaford  
Harland Clarke  
Harley-Davidson  
Harman International Industries  
Harris Enterprises  
Harry Winston  
Hartford Financial Services  
Hawaiian Electric  
Hayes Lemmerz  
HBO  
HCA Healthcare  
Health Care Services  
Health Net  
Healthways  
Hearst  
Hearst-Argyle Television  
Henkel of America  
Henry Ford Health Systems  
Herman Miller  
Hershey  
Hertz  
Hess  
Hexion Specialty Chemicals  
Hitachi Data Systems  
HNI  
HNTB  
Hoffmann-La Roche  
Honeywell  
Horizon Lines  
Hormel Foods  
Hospira  
Houghton Mifflin  
Hovnanian Enterprises  
HSBC North America  
Hubbard Broadcasting  
Humana  
Hunt Consolidated  
Huntington Bancshares  
Hyatt Hotels  
IBM  
IDACORP  
Idearc Media  
IDEXX Laboratories  
IKON Office Solutions  
IMS Health  
ING  
Ingersoll-Rand  
Integrus Energy Group  
Intel  
Intercontinental Hotels  
International Data  
International Flavors & Fragrances  
International Game Technology  
International Paper  
Invensys Controls  
Invensys Process Systems  
Irvine Company  
Irwin Financial  
ISO New England  
J. Crew  
J.C. Penney Company  
J.M. Smucker  
J.R. Simplot  
Jack in the Box  
Jacobs Engineering  
Jarden  
JetBlue  
JM Family  
John Hancock  
Johns-Manville  
Johnson & Johnson  
Johnson Controls  
Kaiser Foundation Health Plan  
Kaman Industrial Technologies  
Kansas City Southern  
KB Home  
KBR  
KCTS Television  
Kellogg  
Kelly Services  
Kerry Ingredients & Flavours  
KeyCorp  
Kimberly-Clark  
Kimco Realty  
Kindred Healthcare  
Kinross Gold  
Kiplinger  
KLA-Tencor  
Knight  
Koch Industries  
Kohler  
Kohl's  
KPMG  
L.L. Bean  
L-3 Communications  
Lafarge North America  
Land O'Lakes

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Leggett and Platt	Millennium Pharmaceuticals	Occidental Petroleum
Lenovo	Millipore	Office Depot
Level 3 Communications	Mine Safety Appliances	OGE Energy
Lexmark International	Mirant	Oglethorpe Power
Liberty Mutual	Molson Coors Brewing	Omaha Public Power
Life Technologies	MoneyGram International	Omnova Solutions
Life Touch Limited	Morgan Murphy Stations — WISC	OneBeacon Insurance
Lincoln Financial	Mosaic	Orange Business Services
Lockheed Martin	Motorola	Oshkosh Truck
Loews	MSC Industrial Direct	Otter Tail
LOMA	Munich Reinsurance America	Owens Corning
Lorillard Tobacco	National Renewable Energy Laboratory	Owens-Illinois
Lower Colorado River Authority	Nationwide	Pacific Gas & Electric
M&T Bank	Navistar International	Pacific Life
Magellan Midstream Partners	Navy Federal Credit Union	Panasonic of North America
Marathon Oil	NBC Universal	Papa John's
Marriott International	NCCI Holdings	Parametric Technology
Marshall & Ilsley	NCR	Parker Hannifin
Martin Marietta Materials	Neoris USA	Parsons
Mary Kay	Nestle USA	Pearson Education
Masco	New York Life	People's Bank
Massachusetts Mutual	New York Power Authority	Pepco Holdings
Mattel	New York Times	PepsiCo
Matthews International	New York University	Perot Systems
McClatchy	Newmont Mining	PetSmart
McDermott	NewPage	Pfizer
McDonald's	Nicor	Philips Healthcare
McKesson	NIKE	Phillips-Van Heusen
MDU Resources	Nokia	Phoenix Companies
MeadWestvaco	Noranda Aluminum	PhRMA
Medco Health Solutions	Norfolk Southern	Pinnacle West Capital
Media General	Northeast Utilities	Pioneer Hi-Bred International
MediaTec Publishing	Northern Trust	Pitney Bowes
MedImmune	NorthWestern Energy	Pittsburgh Corning
Medtronic	Northwestern Mutual	PJM Interconnection
Meister Media Worldwide	Novartis	PlainsCapital
Merck & Co	Novartis Consumer Health	Plexus
Meredith	Novell	PMI Group
Metavante Technologies	Novo Nordisk Pharmaceuticals	PNC Financial Services
MetLife	NRG Energy	PNM Resources
MetroPCS Communications	NSTAR	Polaris Industries
MGE Energy	NuStar Energy	Polymer Group
Microsoft	NV Energy	PolyOne
Midwest Independent Transmission	NW Natural	Portland General Electric
System Operator	NXP Semi-Conductor	Potash
	Nycomed US	PPG Industries
		PPL
		Praxair

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Principal Financial	Savannah River Nuclear Solutions	Steelcase
Progress Energy	SCA Americas	Sterling Bancshares
Progressive	SCANA	STP Nuclear Operating
Providence Health & Services	Schering-Plough	String Letter Publishing
Prudential Financial	Schlumberger	Summit Business Media
Public Service Enterprise Group	Schneider Electric	Sun Life Financial
Puget Energy	School Specialty	Sun Microsystems
Pulte Homes	Schreiber Foods	Sundt Construction
Purdue Pharma	Schurz — KYTV	Sunoco
QUALCOMM	Schurz — WDBJ	SunTrust Banks
Quest Diagnostics	Schwan's	Target
Quintiles	Scripps Networks Interactive	Taubman Centers
Qwest Communications	Seagate Technology	Taunton Press
R.H. Donnelley	Sealed Air	Taylor-Wharton International
R.R. Donnelley	Securian Financial Group	TD Banknorth
Ralcorp Holdings	Securitas Security Services USA	TECO Energy
Rayonier	Security Benefit Group	TeleTech Holdings
Raytheon	Sempra Energy	Tellabs
RBC Dain Rauscher	Sensata Technologies	Temple-Inland
Reader's Digest	Shell Oil	Tenet Healthcare
Reed Business Information	Sherwin-Williams	Teradata
Reed Exhibitions	Shire Pharmaceuticals	Terex
Regal-Beloit	Siemens	Terra Industries
Regency Energy Partners LP	Sinclair Broadcast Group	Tesoro
Regions Financial	Sirius XM Radio	Textron
Reliant Energy	SLM	Thomas & Betts
Research in Motion	Smurfit-Stone Container	Thomas Publishing
RF Micro Devices	Sodexo USA	Thrivent Financial for Lutherans
RGA Reinsurance Group of America	Sonoco Products	TIAA-CREF
Rio Tinto	Sony Corporation of America	Time
Robb Report	South Financial Group	Time Warner
Roche Diagnostics	Southern Company Services	Time Warner Cable
Rockwell Automation	Southern Union Company	Timex
Rockwell Collins	Southwest Airlines	T-Mobile USA
Rolls-Royce North America	Southwest Power Pool	Toro
S.C. Johnson	Sovereign Bancorp	TransCanada
Safety-Kleen Systems	Spectra Energy	TransUnion
SAIC	Sprint Nextel	Travelers
Salt River Project	SPX	Tribune
Sanmina-SCI	Stanford University	TUI Travel
Sanofi Pasteur	Stantec	Tupperware
Sanofi-Aventis	Staples	Twin Cities Public Television — TPT
Sara Lee	Starbucks	Tyco Electronics
Sarkes Tarzian — KTVN	Starwood Hotels & Resorts	U.S. Bancorp
Sarkes Tarzian — WRCB	State Farm Insurance	U.S. Foodservice
SAS Institute	State Street	

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UC4 Software  
UIL Holdings  
Unilever United States  
Union Bank of California  
Union Pacific  
UniSource Energy  
Unisys  
United Airlines  
United Rentals  
United States Cellular  
United States Enrichment  
United States Steel  
United Technologies  
United Water  
UnitedHealth  
Unitil  
Univar  
Universal Studios Orlando  
University of Texas — M.D. Anderson  
Cancer Center  
Unum Group  
US Airways  
USAA  
USG  
Valero Energy  
Verizon  
Vertex Pharmaceuticals  
VF  
Viacom  
Viad  
Virgin Mobile USA  
Visa USA  
Visiting Nurse Service  
Visteon  
Volvo Group North America  
Vulcan  
Vulcan Materials  
VWR International  
W.R. Grace  
W.W. Grainger  
Wachovia  
Walt Disney  
Warnaco  
Waste Management  
Watson Pharmaceuticals  
Webster Bank  
Wellcare Health Plans  
Wellpoint  
Wells Fargo  
Wendy's/Arby's Group  
Westar Energy  
Western Digital  
Western Union  
Westinghouse Electric  
Weyerhaeuser  
Whirlpool  
Whole Foods Market  
Williams Companies  
Williams-Sonoma  
Winn-Dixie Stores  
Wisconsin Energy  
Wm. Wrigley Jr.  
Wolters Kluwer US  
WPP  
Wray Edwin — KTBS  
Wyeth Pharmaceuticals  
Wyndham Worldwide  
Xcel Energy  
Xerox  
Yahoo!  
Young Broadcasting — KFLY  
Young Broadcasting — KRON  
Yum! Brands  
Zale  
Zurich North America