Aqua America's Pennsylvania Subsidiary Completes Purchase of Cheltenham Township Wastewater System

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Acquisition is Aqua's fourth in 4Q; eighth for 2019

BRYN MAWR, Pa.--(BUSINESS WIRE)--Dec. 19, 2019-- Aqua America (NYSE:WTR) announced today that its Pennsylvania subsidiary has completed the purchase of the Cheltenham Township wastewater system, which serves approximately 10,200 connections in Montgomery County, for $50.25 million.

“This is an exciting time in the water industry, and we are pleased to offer a compelling set of solutions for municipal leaders who are considering the sale of their utilities. We have forged a strong partnership with leaders in Cheltenham to bring significant investment to improve sewer pipes and provide high quality service to residents in the township,” said Aqua America Chairman and CEO Christopher Franklin.

“We are proud that the Board of Commissioners of Cheltenham Township, where we’ve provided drinking water for decades, chose to have us provide their wastewater service as well and entrusted us to be stewards of those assets,” said Aqua Pennsylvania President Marc Lucca.

“Cheltenham Township is pleased to close on the sale of the sewer system to Aqua because it’s truly a win-win for all parties. The multi-year collection system re-lining and replacement work needed for the *90-year-old sewer system* would have cost $10 million per neighborhood at a total cost of $50 million, which the township couldn’t cover without assuming loans and significant tax increases,” said Cheltenham Township Manager Bryan Havir. “This sale allows Aqua and the Pennsylvania Department of Environmental Protection to address needed collection system and lateral repairs without the township having to saddle residents with increased taxes and costly repairs.”

The Cheltenham wastewater acquisition is the third municipal transaction completed by Aqua Pennsylvania using the Commonwealth’s fair market value legislation, Act 12, since the law was enacted in 2016. Collectively, those transactions have yielded an additional 16,901 wastewater customers.

Earlier this month, Aqua Pennsylvania completed the purchase of three municipal water systems previously served by the Phoenixville Borough water system, totaling 535 customer connections in Chester and Montgomery counties, for $3.5 million. This was not a fair market value transaction.

Currently, Aqua Pennsylvania has two transactions under review by the Pennsylvania Public Utility Commission, and recently announced an asset purchase agreement with DELCORA, which if approved would be the largest municipal transaction for Aqua America and the largest water/wastewater municipal transaction in Pennsylvania’s history, yielding Aqua Pennsylvania the equivalent of 165,000 wastewater customers.

“Representatives from the Aqua team and Cheltenham Township have worked cooperatively for several months in anticipation of this acquisition. We are now ready to initiate the necessary improvements required by infiltration and inflow issues, that resulted in the township receiving a DEP consent order,” said Lucca. “I believe our longstanding relationship with the township, its residents as well as the regulatory community will make for a smooth transition.”

In total, Aqua has plans to spend more than $50 million over the next 10 years to improve Cheltenham’s wastewater system.

Aqua’s Illinois subsidiary acquired the Skyline water and wastewater systems in November from the Fox River Water Reclamation District, located in South Elgin, IL for $3.5 million. Each system serves 376 customer connections in the Skyline and Valley View communities of Saint Charles Township, Illinois. Earlier this month, Aqua Illinois acquired the Village of Grant Park’s wastewater system, which serves more than 1,200 people through approximately 540 connections for $2.3 million. The Public Utilities Commission of Ohio yesterday approved Aqua Ohio’s agreement with the City of Campbell to purchase the city’s water treatment plant and distribution system, which serves 3,200 customer connections.

In total, Aqua America subsidiaries completed eight acquisitions in 2019, adding a total of 1,495 new water customer connections and 11,130 new wastewater customer connections.

Aqua America is one of the largest U.S.-based, publicly traded water utilities and serves nearly 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR. Visit AquaAmerica.com for more information.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others: the company’s ability to invest $50 million of capital in Cheltenham, Pennsylvania in the next 10 years. 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, the successful integration of the customers and the facilities, changes in regulatory review, the success of the company’s growth efforts including its ability to utilize Act 12, and other factors discussed in our Annual Report on Form 10-K, which is on file with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Aqua America's business, please refer to Aqua America's annual, quarterly and other SEC filings. Aqua America is not under any obligation — and expressly disclaims any such obligation — to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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