



Essential Utilities' Texas Water Utility Files Application With Public Utilities Commission for First Acquisition Under New Texas Fair Market Value Law

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BRYN MAWR, Pa.--(BUSINESS WIRE)--Aug. 3, 2020-- Essential Utilities Inc. (NYSE: WTRG) today announced that its Aqua Texas water utility has signed an agreement with The Commons Water Supply, Inc. to purchase the company's water treatment and distribution system in The Commons of Lake Houston in Huffman, Texas. The system serves more than 1,000 homes in the development.

The transaction is a milestone for Essential as it will be the first acquisition to use a new Texas law that allows regulated water companies to pay a fair market value for the purchase of water and wastewater systems. System values previously were determined by their depreciated original cost, which generally did not reflect a reasonable market value for those assets. The new law, enacted in 2019, applies to all water utilities including those owned and operated by private investors and municipal governments.

Essential Chairman and CEO Christopher Franklin said The Commons agreement illustrates the benefits of the new fair market value law. "The Texas fair market value law offers a compelling solution to municipalities, developers and other utility owners who must meet ever-increasing health and environmental standards and the costs of operating and maintaining their systems," said Franklin. "Aqua can benefit communities like The Commons by leveraging expertise in compliance, large-scale purchasing power and other efficiencies that can be realized with a larger, regional operation."

"My team and I are proud to welcome residents of The Commons as our new customers," said Aqua Texas President Bob Laughman. "And we look forward to providing them safe and reliable water service."

Laughman noted that local municipalities could use the fair market value law to sell their utilities to generate proceeds that could be used to fund growth and other meaningful local initiatives. Municipalities in other states have sold their utility systems to Aqua subsidiaries, which serve about 3 million people in eight states.

Aqua Texas serves about 200,000 people in 53 counties across Texas. Visit AquaAmerica.com for more information or follow @MyAquaAmerica on [Facebook](#) and [Twitter](#).

About Essential

Essential is one of the largest publicly traded water, wastewater and natural gas providers in the U.S., serving approximately 5 million people across 10 states under the Aqua and Peoples brands. Essential is committed to excellence in proactive infrastructure investment, regulatory expertise, operational efficiency and environmental stewardship. The company recognizes the importance water and natural gas play in everyday life and is proud to deliver safe, reliable services that contribute to the quality of life in the communities it serves. For more information, visit <http://www.essential.co>.

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 receive governmental approval of the transition and to successfully close the acquisition. 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 receipt of governmental approvals; the successful closing of the acquisition; the successful integration of the customers and the facility; 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 Essential Utilities' business, please refer to Essential Utilities' annual, quarterly and other SEC filings. Essential Utilities 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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