



Essential Utilities' Aqua Texas Subsidiary Completes First Acquisition Under New Texas Fair Market Value Law

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BRYN MAWR, Pa.--(BUSINESS WIRE)--Aug. 3, 2021-- Essential Utilities Inc. (NYSE: WTRG) today announced that its Aqua Texas water utility has acquired the water treatment and distribution system in The Commons of Lake Houston community in Huffman, Texas yesterday. The Commons' system serves approximately 1,000 homes in the development.

The transaction is the first of which Aqua Texas was able 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. Prior to the new law, enacted in 2019, a system's value previously was determined by its depreciated original cost, which generally did not reflect a reasonable market value for those assets. The new FMV law applies to all water and wastewater utilities including those owned and operated by private investors and municipal governments.

When the agreement of sale was reached several months ago, Essential Chairman and CEO Christopher Franklin said The Commons agreement illustrated 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 other communities like The Commons by leveraging our 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. "Although this is not a municipal acquisition, it is worth noting that municipalities in other states with FMV legislation have sold their utility systems to Aqua and used the proceeds to offset tax increases, build new municipal facilities, and fund new infrastructure projects among other things. In other cases, the sale has enabled municipalities to avoid the necessary cost to bring their systems into environmental regulatory compliance by shifting that responsibility to Aqua, as we are experts in compliance."

The Commons is the first acquisition completed by Essential's Aqua companies in 2021. The company currently has seven additional signed purchase agreements for water and wastewater systems which have a total purchase price of \$458.5 million and represent approximately 233,000 equivalent dwelling units.

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

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. There are important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements including: general economic business conditions; 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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