



Essential Utilities' Aqua Texas Subsidiary Signs Agreement of Sale to Acquire Southern Oaks

February 7, 2022

BRYN MAWR, Pa.--(BUSINESS WIRE)--Feb. 7, 2022-- Essential Utilities Inc. (NYSE: WTRG) today announced that its regulated water subsidiary, Aqua Texas, has signed an asset purchase agreement to acquire the water treatment and distribution system of the Southern Oaks Water System in Freestone County, Texas which serves approximately 740 homes.

Southern Oaks will be Essential's second acquisition in Texas using the state's fair market legislation. The FMV legislation, enacted in 2019, allows regulated water companies to pay a fair market value for the purchase of all water and wastewater utilities in Texas including those owned and operated by private investors and municipal governments. Prior to the new law, a system's value previously was determined by its depreciated original cost, which generally did not reflect a true market value for those assets.

Aqua Texas closed its first FMV acquisition in August 2021 at which time Essential Chairman and CEO Christopher Franklin said, "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. 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."

Aqua Texas anticipates closing the Southern Oaks acquisition in 2023. Including Southern Oaks, the company currently has eight signed purchase agreements for water and wastewater systems, which have a total purchase price of more than \$471 million and represent approximately 235,000 equivalent retail customers or equivalent dwelling units.

Aqua Texas serves about 250,000 people in 54 counties across Texas. Visit [AquaAmerica.com](https://www.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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Brian Dingerdissen
Investor Relations
O: 610.645.1191
BJDingerdissen@Essential.co

Erin O'Donnell
Communications and Marketing
O: 402.208.6614
Media@essential.co

Source: Essential Utilities Inc.