Essential Utilities Selling West Virginia Gas Utility Assets to Hope Gas Pending Regulatory Approval

January 3, 2023

Agreement enables company to focus on growth of core businesses

BRYN MAWR, Pa.--(BUSINESS WIRE)--Jan. 3, 2023-- Essential Utilities Inc. (NYSE: WTRG) agreed to sell its West Virginia natural gas utility assets to Hope Gas, headquartered in Morgantown, WV. This move will allow the company to focus on – and prioritize – the growth of its utilities in states where it has scale, following its long-term strategy of infrastructure investment and growth by acquisition of water and wastewater systems.

Specifically, the transaction will allow the Essential team to:

- Prioritize the growth of Aqua, its water and wastewater business, and
- Focus on the efficient, safe operation and emission reduction of Peoples Natural Gas ('Peoples') through continued investment in pipe replacement and participation in the development of a regional energy hub

The remaining gas operations will continue to focus on capital improvements, operating excellence, and safety. The Peoples operation in Western Pennsylvania also will continue to play an important role in Essential's acquisition strategy as Aqua expands its footprint into the region, leveraging Peoples' valued brand and community relationships.

Totaling approximately 13,000, the customer base of Peoples West Virginia ('Peoples WV') is the smallest among all of the states where Essential operates. However, over the past two-and-a-half years, under the management of Essential and the dedicated WV employees, the company continued to make investments and operational improvements.

"The ability to apply economies of scale is crucial for the long-term stability of utilities. The sale of Peoples WV to Hope Gas will provide greater economies of scale in West Virginia and allow continued rate stability for our customers. We will work diligently with the Hope Gas management team to close the transaction and fully expect a seamless transition," said Chris Franklin, Chairman and CEO of Essential Utilities.

The sale is subject to customary closing conditions, including approval from the Public Service Commission of West Virginia.

It is expected to close by the middle of 2023.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which generally include words such as "believes," "expects," "intends," "anticipates," "estimates" and similar expressions. The Company can give no assurance that any actual or future results or events discussed in these statements will be achieved. Any forward-looking statements represent its views only as of today and should not be relied upon as representing its views as of any subsequent date. Readers are cautioned that such forward-looking statements are subject to a variety of risks and uncertainties that could cause the company's actual results to differ materially from the statements contained in this release. Such forward-looking statements include, but are not limited to statements relating to the capital to be invested by the water, wastewater, and gas distribution divisions of the Company. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including the factors discussed in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, which is filed with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with The Company's business, please refer to the Company's annual, quarterly and other SEC filings. The Company 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.

About Essential

Essential Utilities, Inc. (NYSE:WTRG) delivers safe, clean, reliable services that improve quality of life for individuals, families, and entire communities. With a focus on water, wastewater and natural gas, Essential is committed to sustainable growth, operational excellence, a superior customer experience, and premier employer status. We are advocates for the communities we serve and are dedicated stewards of natural lands, protecting more than 7,600 acres of forests and other habitats throughout our footprint.

Operating as the Aqua and Peoples brands, Essential serves approximately 5.5 million people across 10 states. Essential is one of the most significant publicly traded water, wastewater service and natural gas providers in the U.S. Learn more at www.essential.co.

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