Essential Utilities Completes Sale of Allegheny County Microgrid and District Energy Projects to Cordia

January 30, 2024

Essential and subsidiary Peoples to focus on core mission as regulated utility, continue supporting local innovations that provide region with safe, reliable, sustainable energy

PITTSBURGH--(BUSINESS WIRE)--Jan. 30, 2024-- Essential Utilities, Inc. (NYSE: WTRG) today closed the sale of its three non-utility microgrid and district energy properties in Allegheny County to Cordia, a sustainability-driven energy solutions provider. The agreement is valued at $165 million.

The agreement covers innovative microgrids and district energy systems developed by Peoples, Essential's gas operations subsidiary based in Pittsburgh, where the assets are located.

- The **Pittsburgh International Airport** microgrid is the first of its kind, allowing the airport to operate independent of the electric grid thanks to a 21.25 MW natural gas power plant supported by on-site gas production, making PIT one of the most resilient airports in the world.
- The district energy system at **Allegheny Health Network (AHN) – Wexford Hospital** provides the 160-bed hospital with all heating, cooling and primary power needs via steam boilers, hot water boilers, chillers, and a 2.0 MW natural gas generator, along with emergency backup power.
- The **Allegheny County District Energy** system provides efficient and resilient steam and hot water services to six government buildings including the Allegheny County Courthouse and City-County Building, using seven state-of-the-art steam boilers and one domestic water heater.

Essential selected Cordia as the buyer for the three systems in part because of their expertise in microgrids and district energy systems, along with their established footprint in Pittsburgh. Cordia currently operates energy systems in Pittsburgh's Uptown and North Shore neighborhoods, as well as the on-campus energy system for Duquesne University. The company's presence in the region dates back to the 1960s.

"These microgrid projects demonstrated the ability of natural gas to meet all the energy needs of major institutions, like the groundbreaking microgrid at Pittsburgh International Airport," said Essential Utilities CEO Chris Franklin. "I'm incredibly proud of the work by our Peoples team in developing this project. By transitioning these assets to Cordia, an energy solutions leader with a strong presence in the region, our teams will focus more fully on our core business as a regulated utility, while continuing to support projects that provide resilient, sustainable energy."

"I want to extend my gratitude to Essential Utilities and Peoples for their role in developing these state-of-the-art energy systems," said Cordia CEO Earl Collins. "Cordia remains committed to providing safer, more reliable, and more resilient energy to our community. We are enthusiastic about the positive impact these systems will have on the region and are confident in our ability to continue delivering exceptional energy solutions for years to come."

The sale of these unregulated assets demonstrate Essential's efforts to strategically focus on its core businesses. The company will continue to prioritize investments in infrastructure to improve safety and reliability, and to reduce emissions.

TD Securities (USA) LLC acted as financial advisor to Essential, while Gibson, Dunn & Crutcher LLP acted as legal advisor.

Use of Proceeds
Essential will use the $165 million in transaction proceeds to finance its capital expenditures and water and wastewater acquisitions, in place of external funding from equity and debt issuances.

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 9 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.

About Peoples
Peoples provides clean, safe, affordable and reliable natural gas service to approximately 740,000 homes and businesses in Western Pennsylvania and Kentucky. Peoples is committed to its customers, its employees, the environment, and to the regions it serves.

About Cordia
Cordia is a leading provider of safe, reliable, and sustainable energy solutions. Headquartered in Phoenix, AZ, Cordia serves over 700 customers with heating, cooling, and electricity throughout the U.S. Cordia is committed to driving change toward a more resilient, sustainable energy future and empowering people and communities to reach their full potential. Learn more at www.cordiaenergy.com.

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 successfully close the transaction. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: the receipt of governmental approvals and other closing conditions; the successful closing of the acquisition; 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.

WTRGF

View source version on businesswire.com: https://www.businesswire.com/news/home/20240116319850/en/

Essential/Peoples Media Contact:
Nick Paradise
External Communications Manager
Media Hotline: 1.877.325.3477
Media@Essential.co

Investor Contact:
Brian Dingerdissen
Vice President, IR and Treasurer
O: 610.645.1191
BJDingerdissen@Essential.co

Cordia Media Contact:
Jenny Disbrow
External Communications Manager
480.209.9727
Jenny.Disbrow@CordiaEnergy.com

Source: Essential Utilities, Inc.