



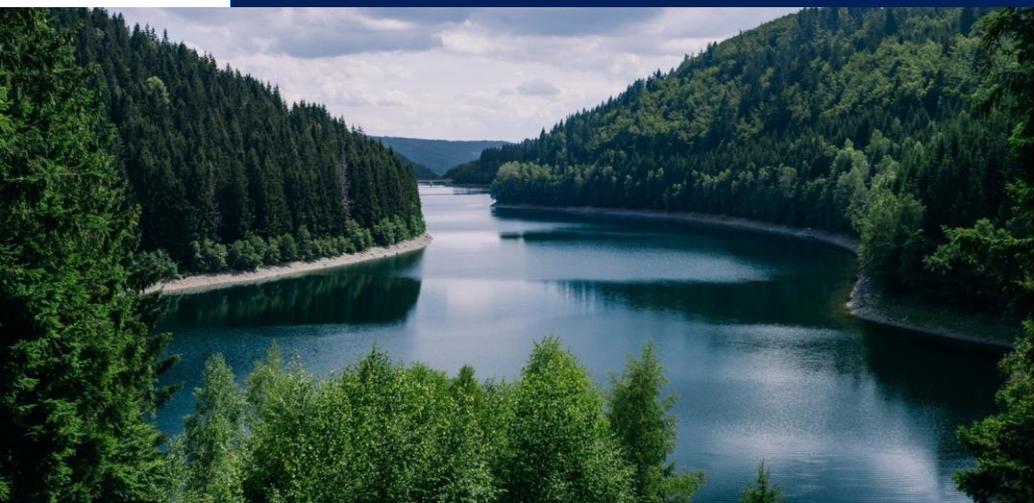
NYSE  
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WTRG



Essential™

**Third Quarter 2024**  
November 5, 2024





# Brian Dingerdissen

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Vice President, Investor  
Relations and Treasury

# Forward Looking Statement

This presentation contains in addition to historical information, forward looking statements based on assumptions made by management regarding future circumstances over which the company may have little or no control, that involve risks, uncertainties and other factors that may cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors include, among others, the following: general economic and business conditions; weather conditions affecting customers' usage or the company's cost of operations; costs arising from changes in regulations; regulatory treatment of rate increase requests; availability and cost of capital; the success of growth initiatives, including pending acquisitions; the ability to generate earnings from capital investment; and other factors discussed in our Form 10-K, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

## **Non-GAAP Reconciliation**

For reconciliation of non-GAAP financial measures, see the Investor Relations section of the company's Web site at [www.essential.co](http://www.essential.co)



# Christopher Franklin

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Chairman and Chief  
Executive Officer

# Highlights

**\$0.25 Earnings**  
per Share

Infrastructure  
Investment of  
**\$932.5M**  
Year to Date

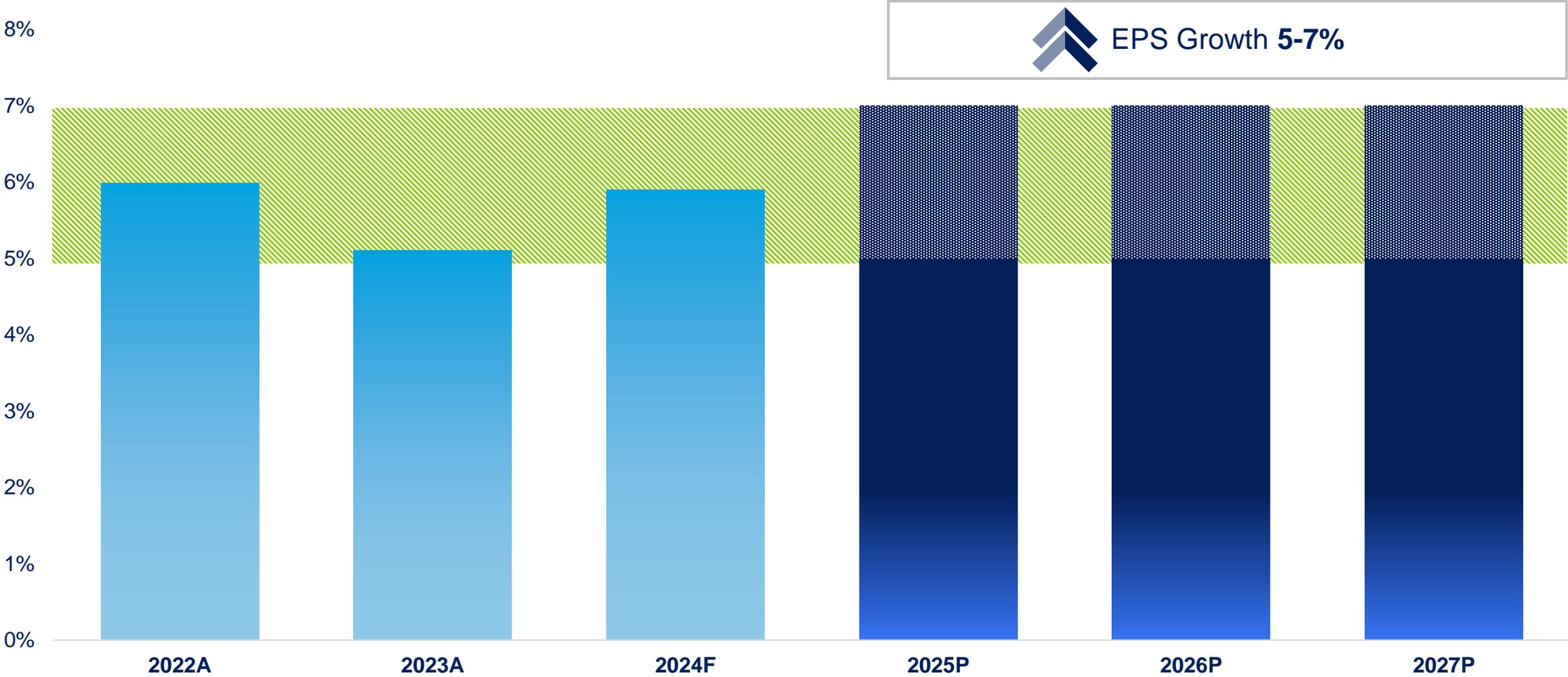
**\$93M Peoples  
Natural Gas Rate  
Case** Approved

**Aqua PA Rate  
Case** Update

**5-7% Multi-Year  
EPS Guidance  
Through 2027**  
Excludes DELCORA  
Earnings

**Hurricane Helene**  
Aqua North Carolina  
Delivers

# Delivered and Projected EPS Growth



For 2024, the bar reflects the forecasted adjusted EPS, normalizing out the impacts of the energy project sale and the warmer-than-normal weather.

# Hurricane Helene Response

Inspected 2,000+ linear feet of water main



90 of Aqua North Carolina's systems were impacted, but 5 days after the storm, all but 6 systems were back in service



Aqua North Carolina coordinated with federal, state and community partners to assist in response efforts





# Daniel Schuller

—  
EVP,  
Chief Financial Officer

# Q3 Financial Highlights

As of September 30, 2024

(\$ in millions, except per share data)	Q3 2023	Q3 2024
Operating Revenues	\$411.3	\$435.3
Purchased Gas	\$16.6	\$19.1
Operations and Maintenance Expense	\$147.0	\$144.4
Operating Income	\$137.4	\$155.1
Net Income	\$80.1	\$69.4
Net Income per Share	\$0.30	\$0.25

## Revenues

- Rates and surcharges, increased water sales, an increase in the price of gas, and water customer growth contributed to the increase in quarterly revenues, despite the offset of the revenue decline from lower natural gas usage.

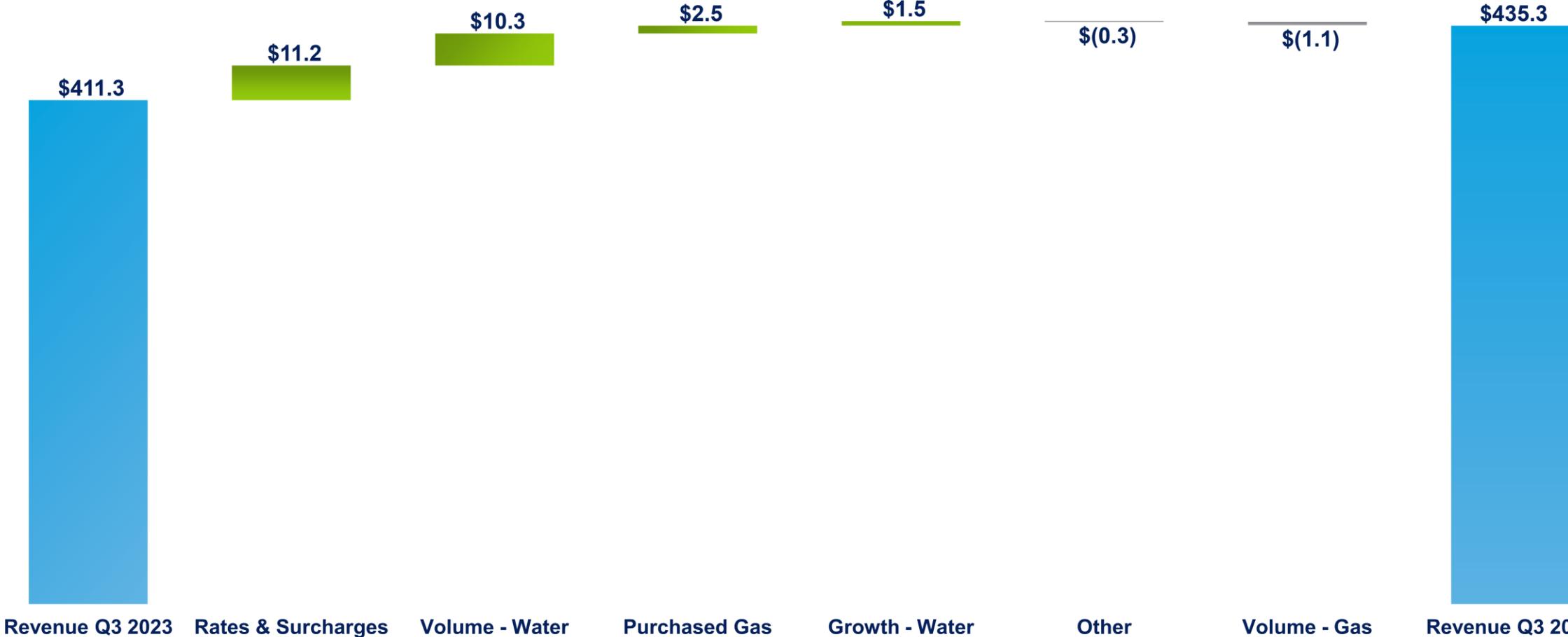
## O&M

- A decrease in bad debt expense, and a decrease in expenses compared to the prior year for both the sales of the West Virginia gas utility assets and energy plants sold earlier in 2024 contributed to decreased O&M costs. These costs were offset by increased production costs, acquisition, and organic growth on the water side, and customer surcharges related to the regulated gas business.

# Operating Revenues

Q3 2024 vs. Q3 2023

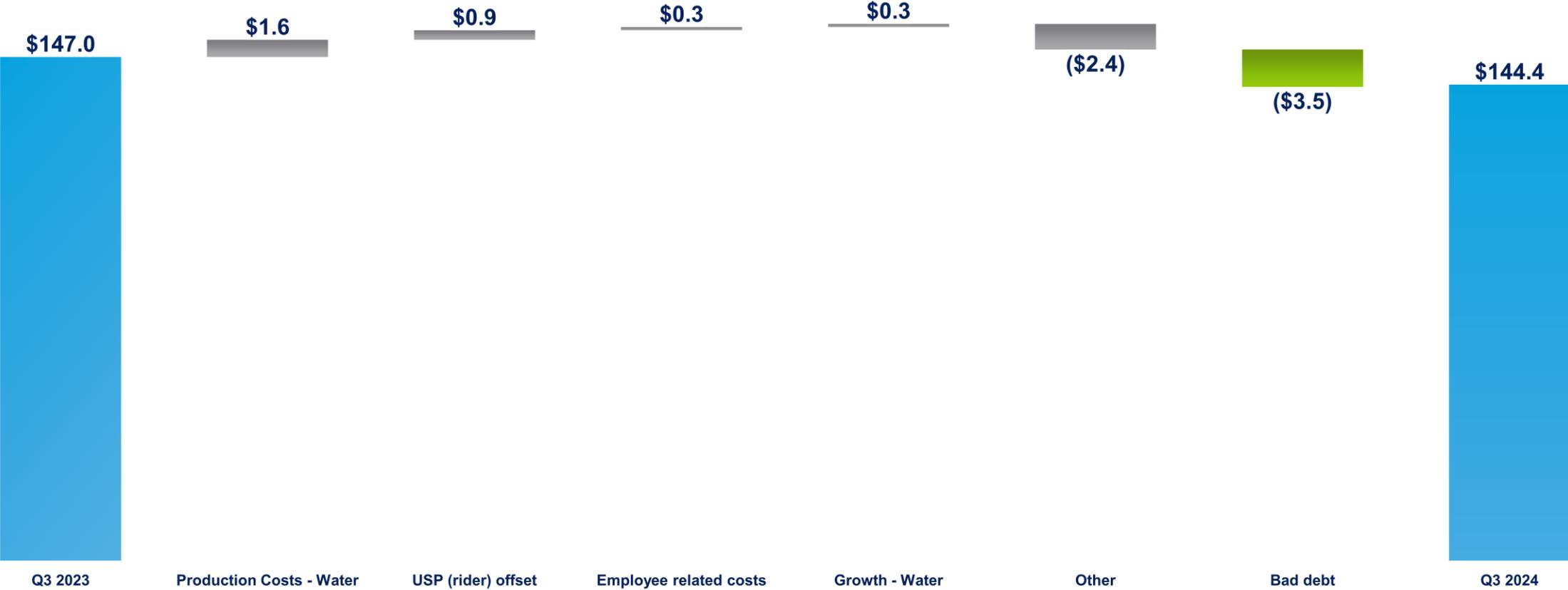
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

Q3 2024 vs. Q3 2023

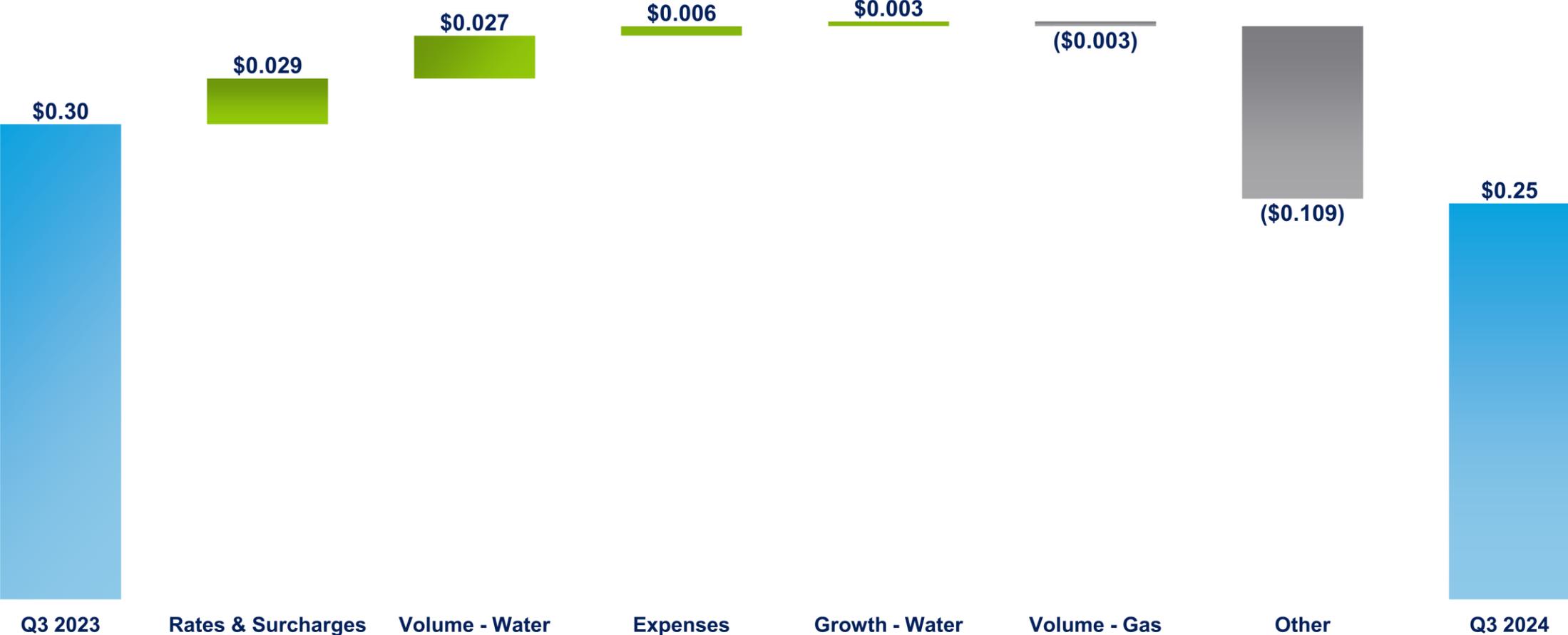
Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

Q3 2024 vs. Q3 2023

## Change in Earnings Per Share



# 2024 Guidance

2024 Net  
Income per  
Diluted Common  
Share Target of  
**\$1.96-\$2.00**

**\$1.3 to \$1.4B**  
Infrastructure  
Investment  
for 2024

# Peoples Natural Gas

## Overview of Pennsylvania Rate Case Filing

### PA PUC Approved Case Details

**Filed:**  
12/29/2023

**Revenue:**  
\$93.0M, or 60% of  
original increase  
request

**Rates Effective:**  
September 27, 2024

One of the non-signatory parties to the settlement agreement has appealed the PUC's (5-0 approval) order to the commonwealth court and has asked for a remand to the PUC.

**Rate Base through the FPFTY as of 9/27/2025:**  
\$4.2B up from \$2.1B in the last case

### Significant Benefits Delivered Since Last Rate Case

- ✓ Meaningful **emissions reduction**
- ✓ Over **1,000 miles** of pipe replaced
- ✓ **Five-year** rate case hiatus

### Regulatory Mechanisms

- ✓ **Weather Normalization**
- ✓ **Tax Repair**
- ✓ **DSIC**

# Aqua Pennsylvania

## Overview of Aqua Pennsylvania Rate Case Filing

### Case Details

<b>Filed:</b> 5/23/2024	<b>Requested Revenue:</b> \$797.7M	<b>Requested Equity:</b> 53.95%
<b>Rates Effective:</b> February 10, 2025	<b>Requested Increase:</b> \$126.7M, or 18.9%	<b>Requested ROE:</b> 10.95%

A settlement has been reached for the case, pending approval by the Administrative Law Judges and the Pennsylvania Public Utility Commission.

### Rate Base through the FPFTY as of 12/31/2025:

\$4.8B up from \$4.2B in last case

### Additional Notes

#### Capital Investments

Capital investments and system repairs of ~\$950M since the last rate case through the end of 2025

- Includes replacement of ~200 miles of water main, as well as associated valves and customer service lines

#### PFAS

Over \$20M of capital investments included through the end of 2025 related to PFAS

#### Fair Market Value Acquisitions

Shenandoah Water, Lower Makefield Wastewater, and East Whiteland Wastewater incorporated in rate case

Note:  
Docket Nos. R-2024-3047822 & R-2024-3047824.

# Regulatory Activity

As of November 5, 2024

## 2024 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NJ, OH, NC, TX, VA and PA with annualized revenue increase of \$51.0 million

Gas segment base rate cases or surcharges in KY and PA with annualized revenue increase of \$114.8 million

## PENDING REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, OH, and PA with requested annualized revenue increase of \$149.2 million<sup>1</sup>

Gas segment surcharges in KY with annualized revenue increase of \$465 thousand

1. This amount includes the requested annualized revenue increase for the pending Aqua Pennsylvania settlement in the amount of \$127.7M.



# Christopher Franklin

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Chairman and Chief  
Executive Officer

# Pending Transactions

~\$362.3M of Pending Rate Base is Expected to Generate ~\$18M of Incremental Annual Earnings Potential<sup>(1)</sup>



**DELCORA**

- Wastewater
- 198,000 customers<sup>(3)</sup>
- \$276.5M purchase price

**BEAVER FALLS**

- Wastewater
- 7,600 customers<sup>(3)</sup>
- \$41.3M purchase price

**GREENVILLE**

- Wastewater
- 2,300 customers
- \$18.0M purchase price

**GREENVILLE**

- Water
- 3,000 customers
- \$18.0M purchase price



**DRIL-QUIP<sup>(4)</sup>**

- Water / Wastewater
- 380 customers
- \$1.1M purchase price

**MIDVALE**

- Water
- 900 customers
- \$3.0M purchase price

**INTEGRA<sup>(4)</sup>**

- Wastewater
- 1,100 customers
- \$4.4M purchase price

**Over 213,000<sup>(2)</sup>**  
Total Customers

**~\$362.3M**  
Total Purchase Price

Excluding DELCORA,  
**~\$85.8M** of purchase price  
**in the regulatory approval process**

We are **actively pursuing** acquisition opportunities in most of our states, totaling over **400,000 customers**

1) This is an illustrative earnings assumption based on an assumed 50% debt / 50% equity capital structure and a hypothetical 10% allowed return on equity.  
2) Essential's estimate of the number of equivalent dwelling units.  
3) Dril-Quip and Integra are privately owned utilities.

# Guidance Outlook<sup>1</sup>

## Growth Targets



2025 net income per diluted common share target of **\$2.07- \$2.11**

Through 2027, EPS will grow at a CAGR of **5 – 7%**

Regulated utility rate base growth of **8%** through 2029

**\$1.4 to \$1.5B** infrastructure investment for 2025

2025-2029 Infrastructure investments of **~\$7.8B**

Between 2024 and 2025 we expect to raise **~\$350M** in equity

## Aqua Targets



Segment rate base CAGR of approximately **6%** through 2029

Segment customer base annual growth rate of between **2 and 3%** over the long-term

## Peoples Targets



Segment rate base CAGR of approximately **11%** through 2029

Segment customer base **expected to be stable** through 2027

1. Guidance includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2025 guidance was announced but does not include DELCORA or other potential municipal acquisitions from the company's list of acquisition opportunities. The guidance is also based on the company's expectation that it will continue to issue equity and debt on an as needed basis to support acquisitions and capital investment plans.

An aerial photograph of a serene lake, its water a vibrant turquoise color, surrounded by a thick forest of tall evergreen trees. The forest is lush and green, with sunlight filtering through the canopy. The lake's surface is calm, reflecting the surrounding greenery. A blue rectangular box is overlaid on the left side of the image, containing the word "Questions" in white text.

# Questions

# For More Information Contact:



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**Director,  
Investor Relations**

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HMDiminick@Essential.co



# Appendix

# Year to Date Financial Highlights

As of September 30, 2024

(\$ in millions, except per share data)	YTD 2023	YTD 2024
<b>Operating Revenues</b>	<b>\$1,574.4</b>	<b>\$1,481.7</b>
<b>Purchased Gas</b>	<b>\$314.8</b>	<b>\$182.5</b>
<b>Operations and Maintenance Expense</b>	<b>\$418.5</b>	<b>\$423.8</b>
<b>Operating Income</b>	<b>\$518.1</b>	<b>\$531.0</b>
<b>Net Income</b>	<b>\$362.8</b>	<b>\$410.6</b>
<b>Net Income per Share</b>	<b>\$1.37</b>	<b>\$1.50</b>

## Revenues

- Operating revenues for gas decreased due to a decrease in purchased gas costs, and lower gas usage from warmer than normal weather, which were offset from an increase in higher rates and surcharges. On the water side, revenues increased from rates and surcharges, in addition to organic customer growth, were offset by a decrease in volume consumption, and a decrease in non-utility revenue from higher developer fees earned during Q1 2024.

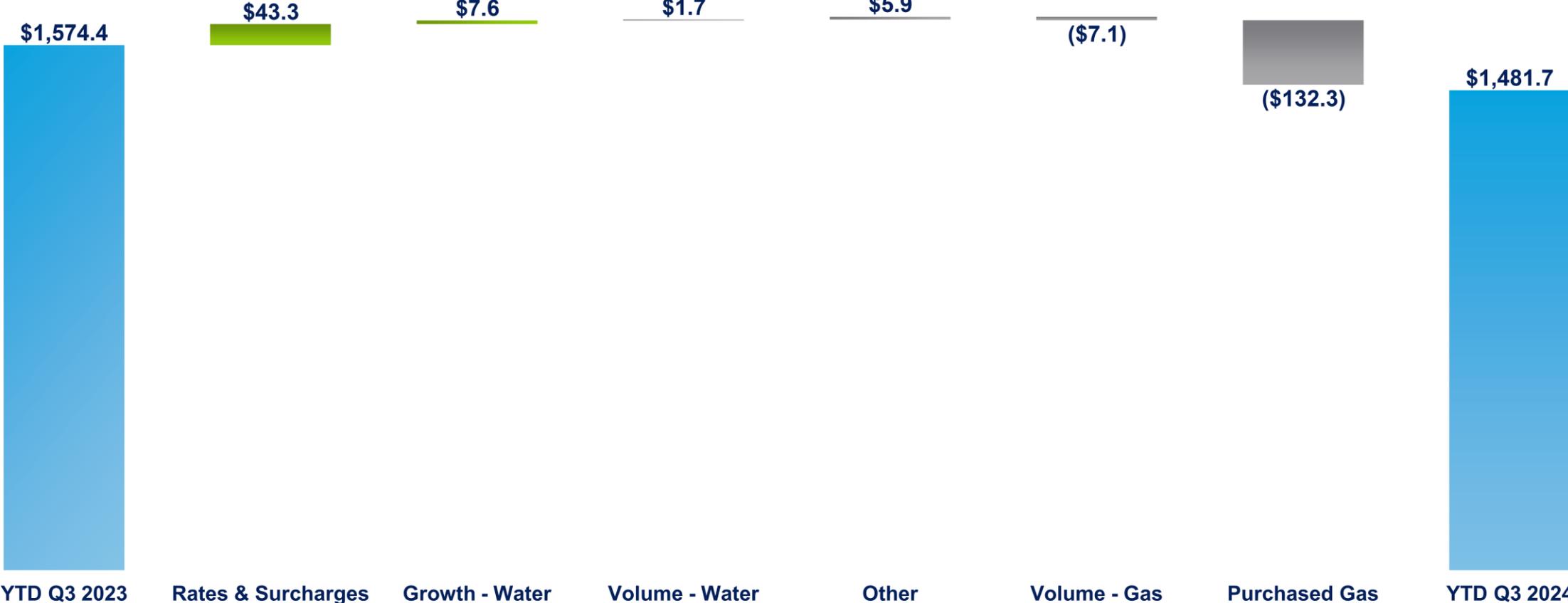
## O&M

- Increases in high water production costs, employee-related costs, and expenses related to added acquisitions were the main drivers to the increase in O&M. These changes were offset by a decrease in expenses compared to the prior year for both the sales of the West Virginia gas utility assets and energy plants sold earlier in 2024, as well as lower bad debt expense.

# Operating Revenues

YTD September 30, 2024 vs. September 30, 2023

Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

YTD September 30, 2024 vs. YTD September 30, 2023

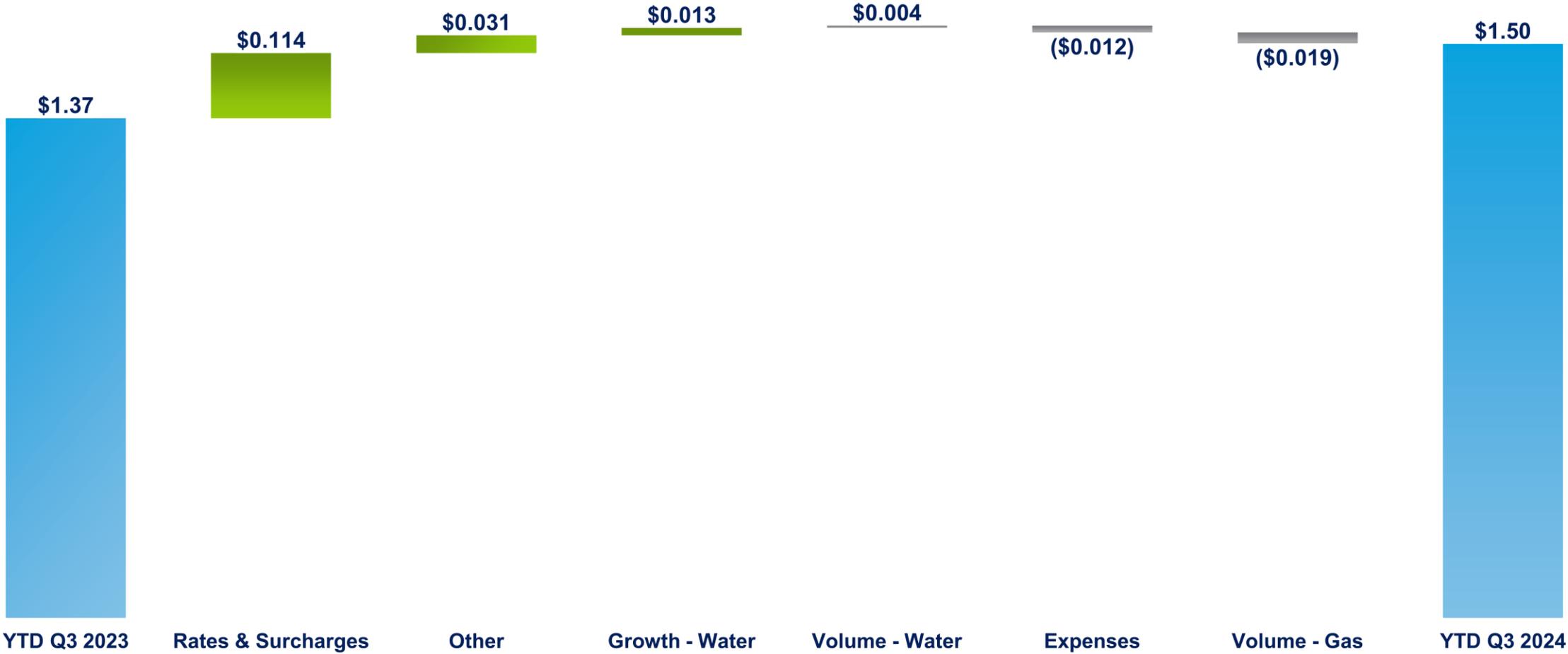
Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

YTD September 30, 2024 vs. YTD September 30, 2023

## Change in Earnings Per Share



# 2024 Regulatory Activity Completed

As of November 4, 2024

State	Docket Number	Segment	Type	Annualized Revenue Increase (\$thousands)
Illinois	24-0188	Water	Surcharge	\$1,497
	24-0188	Wastewater	Surcharge	\$567
	24-0188	Water	Surcharge	\$1,823
	24-0188	Wastewater	Surcharge	\$693
Ohio	N/A	Water	Rate Case	\$10
	N/A	Water	Rate Case	\$1,627
	N/A	Wastewater	Rate Case	\$490
North Carolina	W-218, Sub 573	Water	Rate Case - Year 2	\$2,632
	W-218, Sub 573	Wastewater	Rate Case - Year 2	\$1,111
Texas	55577	Water	Surcharge	\$4,664
	55577	Wastewater	Surcharge	\$4,090
Virginia	PUR-2023-00073	Water	Rate Case	\$4,830
	PUR-2023-00073	Wastewater	Rate Case	\$660

# 2024 Regulatory Activity Completed cont.

As of November 4, 2024

State	Docket Number	Segment	Type	Annualized Revenue Increase (\$thousands)
Kentucky	2023-00343	Gas	Surcharge	\$1,220
	2024-00078	Gas	Surcharge	\$(50)
New Jersey	WR24010057	Water	Rate Case	\$2,250
Pennsylvania	M-2023-3039145	Gas	Surcharge	\$20,887
	M-2024-3047760	Gas	Surcharge	\$(256)
	R-2023-3044549	Gas	Rate Case	\$93,000
	M-2024-3051299	Water	Surcharge	\$8,193
	M-2024-3051315	Wastewater	Surcharge	\$487
	M-2024-3049664	Water	Surcharge	\$3,714
	M-2024-3049675	Wastewater	Surcharge	\$537
	M-2024-3047751	Water	Surcharge	\$5,626
	M-2024-3047769	Wastewater	Surcharge	\$142
	M-2023-3045036	Water	Surcharge	\$5,189
M-2023-3045037	Wastewater	Surcharge	\$192	

**Total**

**\$165,824**

# Regulatory Activity Pending

As of November 4, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)	Filed Date
Illinois	24-0044	Water	Rate Case	\$10,741	1/2/2024
Illinois	24-0044	Wastewater	Rate Case	\$8,455	1/2/2024
Ohio	24-910-WW-SIC	Water	Surcharge	\$3,237	9/23/2024
Ohio	24-911-ST-SIC	Wastewater	Surcharge	\$52	9/23/2024
Kentucky	2024-00332	Gas	Surcharge	\$465	10/15/2024
Pennsylvania	R-2024-3047822	Water	Rate Case	\$112,048	5/23/2024
Pennsylvania	R-2024-3047824	Wastewater	Rate Case	\$14,627	5/23/2024
			<b>Total</b>	<b>\$149,625</b>	

# State by State Comparison of Services

As of December 31, 2023

State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$4,401,939	456,018	62,161	518,179
IL	\$529,015	69,722	24,408	94,130
OH	\$520,738	152,788	11,306	164,094
TX	\$558,134	74,088	23,454	97,542
NC	\$363,285	86,504	22,869	109,373
NJ	\$259,339	55,775	6,779	62,554
IN	\$130,699	1,448	30,749	32,197
VA	\$115,891	27,253	8,393	35,646
<b>TOTAL</b>	<b>\$6,879,040</b>	<b>923,596</b>	<b>190,119</b>	<b>1,113,715</b>

State	Rate Base (\$000s)	Total Customers
PA	\$3,337,468	703,257
KY	\$192,327	40,489
<b>TOTAL</b>	<b>\$3,529,795</b>	<b>743,746</b>

# Healthy Balance Sheet Supports Equity Requirements

## INVESTMENT GRADE CREDIT RATINGS

MOODY'S

**Baa2**    **Baa2**  
Issuer    Issuance

**S&P Global**  
Ratings

**A-**    **BBB+**  
Issuer    Issuance

## SELECT CREDIT TARGETS

DEBT-TO-CAPITAL RATIO  
**50-55%**

DIVIDEND PAYOUT RATIO  
**60-65%**

FFO/NET DEBT RATIO  
**12-14%**

## LONG-TERM EQUITY NEEDS

**\$350M**

between 2024 and 2025