



Aqua America Subsidiary Receives State Approval for New Rates Based on Infrastructure and Service Improvements

December 26, 2018

BRYN MAWR, Pa.--(BUSINESS WIRE)--Dec. 26, 2018-- Aqua America Inc. (NYSE: WTR) announced today that its North Carolina subsidiary has received approval from the North Carolina Utilities Commission for a revenue increase of \$2.9 million, or 5.2 percent.

The new customer rates enable Aqua to recover capital-related costs from work to address naturally occurring iron and manganese filtration, upgrade wastewater treatment plants to prevent overflows, and other improvements to enhance reliability for customers. The revenue increase also covers increases in operating costs to provide water and wastewater service to customers and comply with environmental and health regulations since the utility's last rate request nearly five years ago.

"Since our last North Carolina rate case, we've spent nearly \$100 million on upgrades to our water and wastewater systems to serve our valued customers there," said Aqua America Chairman and CEO Christopher Franklin. "We are pleased that the NCUC approved this revenue increase for the capital improvements we have made since 2014."

Aqua's rate request underwent extensive public and regulatory review over the last nine months. The ratemaking process included a thorough review by the North Carolina Public Staff, the NCUC staff and commissioners, a public comment period, and four customer hearings.

The NCUC acknowledged the significant capital improvements Aqua made throughout its service territory and continues to support Aqua's consolidated rate structure, which promotes investment to ensure reliable service, benefits the environment, decreases costs for customers, and considers the benefits of gradual, incremental rate increases to cover water and wastewater system improvements.

Aqua filed its request for a rate increase on March 7, 2018. Since the company's last rate proceeding concluded in 2014, the utility spent approximately \$94 million on:

- Filter installations and upgrades to address naturally occurring iron and manganese, and improve water quality
- Wastewater treatment plant repairs and improvements to prevent overflows, protect local waterways, and to comply with new regulatory requirements
- Repairs and replacement of aging infrastructure to improve water quality and flow pressure, and increase system reliability
- Water treatment facility upgrades to provide system redundancy, expand capacity, ensure adequate water supply, and prevent service interruptions
- Meter replacements to ensure accurate billing based on actual usage versus those based on estimated usage

"Periodic rate cases are necessary so NCUC-regulated utilities can recover actual capital and operating dollars already spent to maintain, improve and operate the systems that serve our customers," said Shannon Becker, president of Aqua North Carolina. "This modest revenue increase will enable Aqua to continue to make timely and prudent improvements to water and wastewater systems to help ensure quality, dependable water and wastewater service for our customers."

Separately, as part of the final order, the NCUC also approved a \$14.4 million refund to customers over three years via a monthly bill credit because of one-time tax savings from the implementation of the Tax Cuts and Jobs Act ("Act") enacted on Dec. 22, 2017. Similar customer refunds have been provided by other utilities throughout the country as a result of tax savings. Additional tax savings are being refunded to our customers over longer periods of time to refund the tax savings arising from remeasuring tax balances, also a result of the Act.

Aqua America is one of the largest U.S.-based, publicly traded water utilities and serves nearly 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR. Visit AquaAmerica.com for more information.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: that the implementation of Act 12 allows resources to be shared to the benefit of utility customers and that the Aqua America and Peoples transaction will have a more significant impact on improving infrastructure reliability, quality of life, and economic prosperity in the areas the Company will serve following the closing of 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 company's ability to close the company's and Peoples transaction, the company's ability to close the company's and Peoples transaction with reasonable conditions; general economic business conditions; the company's ability to fund the Company and Peoples transaction; the company's ability to fund capital growth; housing and customer growth trends; changes in regulations or regulatory treatment; availability and access to capital; the cost of capital; disruptions in the credit markets; the success of growth initiatives; and other factors discussed in our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q, which is filed with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Aqua America's business, please refer to Aqua America's annual, quarterly and other SEC filings. Aqua America 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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