



Aqua America's Pennsylvania Subsidiary Reaches Agreement with DELCORA to Purchase Municipal Wastewater System Serving Approximately 500,000 People

September 17, 2019

Acquisition will be the largest municipal transaction for Aqua America and the largest water/wastewater municipal transaction in Pennsylvania's history

BRYN MAWR, Pa.--(BUSINESS WIRE)--Sep. 17, 2019-- Aqua America Inc. (NYSE: WTR) announced today its Pennsylvania subsidiary, Aqua Pennsylvania Wastewater (Aqua), has signed an asset purchase agreement with the Delaware County Regional Water Quality Control Authority (DELCORA) to acquire the municipal authority's wastewater assets for \$276.5 million. The pending transaction is subject to Pennsylvania Public Utility Commission approval.

DELCORA serves a population of approximately 500,000 people in 42 municipalities in Southeast Pennsylvania. Aqua estimates that this represents the equivalent of 165,000 retail customers. The customer base consists of retail, commercial, and industrial customers and large wholesale agreements with municipal authorities. Its assets include 168 miles of combined and separate sewer mains, 14 miles of large-diameter force mains, and a 50-million gallon-per-day wastewater treatment plant that serves the western part of its service territory. Wastewater from the eastern part of the territory is treated by Philadelphia Water Department.

"We are proud to announce that DELCORA will become the largest municipal transaction in our 133-year company history," said Aqua America Chairman and CEO Christopher Franklin. "Our long track record of delivering reliable water and wastewater services, and investing in infrastructure across the United States, has positioned Aqua well for this opportunity. Since 2016, Aqua America has acquired more than 30 water and wastewater systems and integrated them into our existing operations, and I'm looking forward to welcoming DELCORA's employees and customers into our company."

Prior to the agreement, DELCORA faced substantial capital investment costs to comply with U.S. Environmental Protection Agency mandates to resolve combined sewer overflow problems. The cost of these projects, and other capital investments, is estimated to be approximately \$1.2 billion through 2041.

"Rather than stay the course and undertake significant projects that are expected to have high costs and dramatically increase customer rates, DELCORA decided to partner with Aqua to address these challenges," said Aqua President Marc Lucca. "Because of our economies of scale, technical expertise, and long-standing commitment to southeastern Pennsylvania, this partnership will benefit our current and future customers along with the region's environment."

Following closing, Aqua will hire all 136 current DELCORA employees, honor all DELCORA union contracts, and offer expanded professional opportunities in water and wastewater to these employees.

In 2018, Aqua America completed municipal acquisitions in the Village of Manteno, Illinois; Limerick Township, Pennsylvania; the Village of Peotone, Illinois; East Bradford Township, Pennsylvania; and the Tredyffrin Township Municipal Authority's Valley Creek Trunk Sewer System in Pennsylvania. In addition to DELCORA, Aqua America currently has seven pending water and wastewater acquisitions under agreement, which represent close to 23,000 customer connections and are expected to close in 2019 or 2020.

In October 2018, Aqua America also announced an agreement to acquire Pittsburgh-based natural gas company Peoples for \$4.275 billion. This transaction, which is expected to close in 2019, will add 740,000 customers in Western Pennsylvania, Kentucky and West Virginia, and enable Aqua to expand its ongoing efforts to improve infrastructure reliability, quality of life and economic prosperity in these regions.

Aqua America is the second-largest publicly traded water utility based in the U.S., and serves more than 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.

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 invest capital efficiently, and its ability to receive governmental approval of the transition and to successfully close the acquisition. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; the receipt of governmental approvals; the receipt of the closing conditions to the agreement of sale; the successful closing of the acquisition; 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 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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