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Aqua America Commends North Carolina for Enacting New Rate Mechanism to Recover Cost of Water and Sewer Improvements

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE: WTR) Chairman and CEO Nicholas DeBenedictis today commended the North Carolina General Assembly and Gov. Pat McCrory on the enactment of House Bill 710. The new law creates a water and sewer infrastructure improvement charge (WSIC) designed to provide customers of North Carolina's regulated water and sewer utilities with improved water quality and better water and sewer systems while enabling utilities to recover capital costs in a timely way through a bill surcharge.

The WSIC encourages utilities to accelerate much-needed infrastructure improvements, such as installing treatment systems and filters to improve the way drinking water looks and tastes to meet secondary water quality standards. The legislation also covers wastewater service improvements. The new law maintains rigorous regulatory oversight by the North Carolina Utilities Commission, and recovery of capital is only allowed for necessary, reasonable and completed projects approved by the commission. WSIC charges will be subject to audit and reconciliation requirements.

This new rate mechanism — hailed nationally as a "best practice" — can lengthen the amount of time between utility base rate increases while still enabling the utility to recover capital costs.

"North Carolina's General Assembly and Gov. McCrory should be commended for joining the list of other states that now use a water infrastructure surcharge mechanism," said DeBenedictis. "One of the reasons Aqua can complete the amount of capital improvement projects we do in other states is directly attributable to this type of surcharge. All you have to do is look at recent headlines about the state of our nation's drinking water infrastructure to know how badly these improvements need to be made. North Carolina's WSIC will encourage new and improved water systems, while reducing the regulatory lag that can slow down important infrastructure projects."

Earlier this month, the U.S. Environmental Protection Agency released survey results that show an investment need through 2030 of \$384 billion nationwide for drinking water system repairs and improvements, including thousands of miles of pipes and thousands of treatment plants, storage tanks and water distribution systems, which are all vital to public health and the economy. Last year, Aqua's North Carolina subsidiary spent more than \$11 million to repair and improve water and wastewater systems throughout North Carolina. Aqua provides water and wastewater service to more than 250,000 residents in 53 counties throughout North Carolina. You can find more information at www.aquaamerica.com.

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