

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): June 11, 2019

Aqua America, Inc.  
(Exact Name of Registrant Specified in Charter)

Pennsylvania  
(State or Other Jurisdiction of Incorporation)

001-06659  
(Commission File Number)

23-1702594  
(I.R.S. Employer Identification No.)

762 West Lancaster Avenue  
Bryn Mawr, Pennsylvania  
(Address of Principal Executive Offices)

19010-3489  
(Zip Code)

Registrant's telephone number, including area code: (610) 527-8000

\_\_\_\_\_  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$.50 par value	WTR	New York Stock Exchange
6.00% Tangible Equity Units	WTRU	New York Stock Exchange

**Item 8.01 Other Matters.**

On June 11, 2019, Aqua America, Inc. (the “Company”) and its Pennsylvania subsidiary participated in a hearing before the Pennsylvania Public Utility Commission (the “PaPUC”) with respect to its previously announced potential acquisition of LDC Parent, LLC (“Peoples Gas”) (the “Transaction”) and filed a settlement agreement (the “Settlement Agreement”) with the PaPUC. All but two of the intervenors to the case have entered into or chosen not to oppose the Settlement Agreement, and the Company completed the hearing with the remaining two intervenors. The closing of the Transaction is anticipated to occur in the fall of 2019. The Company has updated its investor presentation to reflect this event and the related potential impact on the timing of its anticipated receipt of regulatory approval from the PaPUC. The updated presentation will be posted to the Company’s website. The updated presentation is attached as Exhibit 99.1 to this Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

- (d) Exhibits.
  - 99.1 Corporation Presentation of Aqua America, Inc., dated June 11, 2019.
-

Exhibit Index

Exhibit Exhibit Description

99.1 [Corporation Presentation of Aqua America, Inc., dated June 11, 2019](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AQUA AMERICA, INC.**

By: /s/ Christopher P. Luning

Christopher P. Luning

Executive Vice President, General Counsel  
and Secretary

Dated: June 12, 2019

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# Investor Presentation

Q2 2019

AQUA™

# 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 for the fiscal year ended December 31, 2018, 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.AquaAmerica.com](http://www.AquaAmerica.com)

NYSE: WTR

# Aqua America Overview

AQUA™

# Peoples Acquisition Highlights

Creating a Larger, More Diversified, Regulated Water and Natural Gas Utility

Aqua America to acquire Peoples in an all-cash transaction that reflects an enterprise value of \$4.275B, which includes the assumption of approximately \$1.3B of debt

- Aligns with growth strategy and core competencies of infrastructure investment, regulatory compliance and operational excellence
- Forms a >99% regulated water and gas distribution utility that will trade under a renamed holding company
- Increases rate base by nearly 50% and provides platform for organic growth and infrastructure investment
- Expected to provide earnings accretion in the first full year and over the long-term, with rate base CAGR of 7% in water and 8-10% in natural gas
- Maintains focus on water with ~70% of combined company net income and rate base in water and wastewater
- Expected to maintain strong investment grade credit rating

Expected to close in the fall of 2019, pending regulatory approvals



# Aqua America Overview

*Long-established water and wastewater utility with more than 1 million connections*

## Company Overview

- Founded in 1886; headquartered in Bryn Mawr, Pennsylvania
- Large multi-state water & wastewater company with ~\$5.0 billion of estimated rate base expected as of year-end 2019
- >99% regulated water and wastewater utility<sup>1</sup>
- Serving 1 million customer connections in eight states<sup>2</sup>

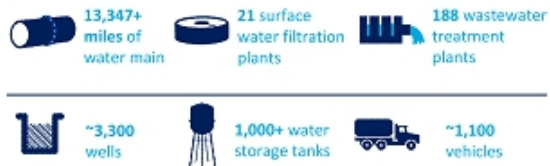
## Diverse Footprint with Expansion Potential



## Visible Track Record of Outperformance

- ✓ Proven growth model rooted in prudent capital investment & efficient regulatory recovery
- ✓ History of strong profitability
- ✓ Above average dividend growth supporting a highly attractive, low-risk total return profile

## One of the Largest Water Infra. Footprints<sup>2</sup>



<sup>1</sup> Based on operating revenue for fiscal year 2018.  
<sup>2</sup> As of 31-Dec-2018.

NYSE: WTR



# Corporate Highlights

## Peoples Financing Complete

- CPPIB investment kicks off permanent financing with \$750 million PIPE investment
- Equity, TEU and debt offerings successfully closed

## Revenue Growth (millions)



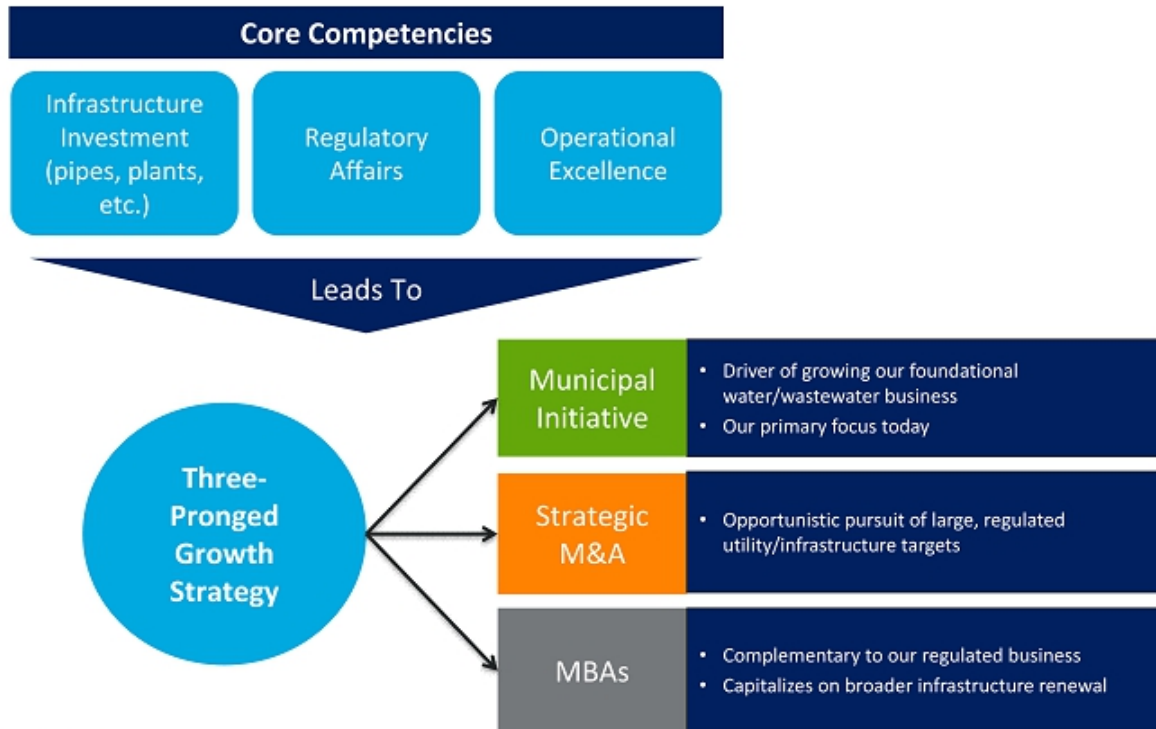
## Progress Towards Peoples Regulatory Approval

- Regulatory approval for Peoples transaction obtained in Kentucky and West Virginia
- Hearings before the Pennsylvania Public Utility Commission seeking approval of transaction completed on June 11, 2019

## Infrastructure Investment (millions)



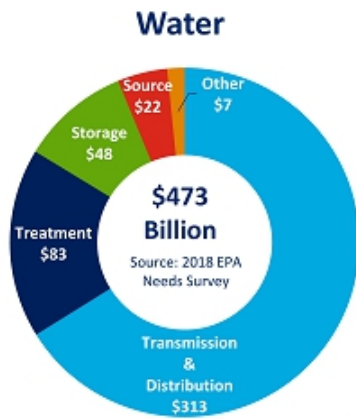
# Aqua America Growth Strategy



# Substantial U.S. Water Infrastructure Needs Represent a Massive Opportunity

EPA Estimate of US Infrastructure Investment Needs

Key Industry Statistics



- 50,000 systems
- 85% of population served by municipalities
- Aqua serves 1% of U.S. population

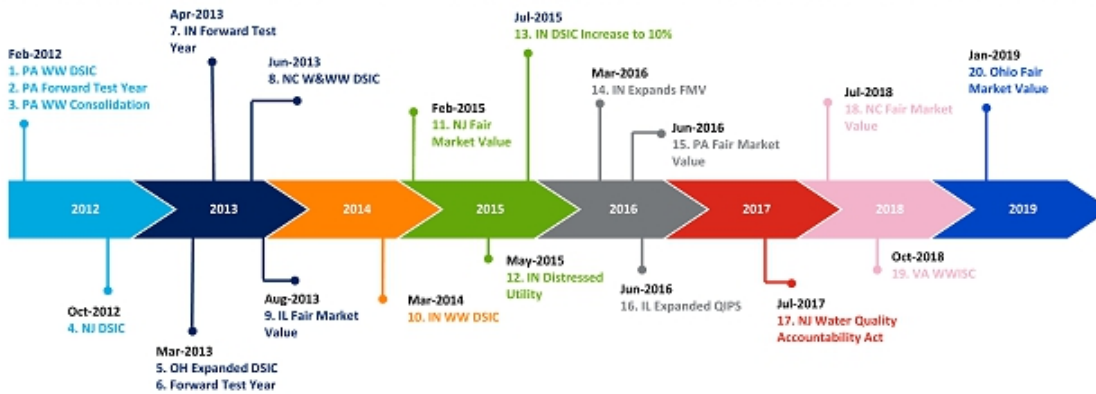


- 14,700 systems
- 97% of population served by municipalities
- Aqua serves 0.1% of U.S. population

*American Society of Civil Engineers gives the U.S. drinking water and wastewater infrastructure a grade of "D"*

# Favorable Water & Wastewater Regulatory Trends Implemented in Last Decade

History of successful collaboration with legislatures and regulators to implement constructive regulatory mechanisms and introduce Fair Market Value legislation



## Six of Aqua's States Have Fair Market Value Legislation



Note: DSIC refers to 'Distribution System Improvement Charge'. QIPS refers to 'Qualifying Infrastructure Plant Surcharge'. 'W' and 'WW' refer to 'Water' and 'Waste-Water', respectively. WWISC refers to 'Water and Wastewater Infrastructure Service Charge'.

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# Recent Municipal Acquisition Activity

## 2018 Closed Acquisitions

Acquisitions	State	Type	Total Cust.	Approximate Rate Base (\$thousands)
Manteno	IL	WW	3,890	\$25,200
Limerick	PA	WW	5,497	\$64,100
Peotone	IL	W / WW	3,083	\$12,500
East Bradford	PA	WW	1,240	\$5,000
<b>Total</b>			<b>13,710</b>	<b>\$106,800</b>

As of December 31, 2018

Also closed \$28.3 million acquisition of Tredyffrin Township Municipal Authority's trunk sewer system connecting five municipal systems to treatment plant

2.3% total customer growth in 2018 from acquisitions (over 14,000 customers) and organic growth (over 8,500 customers)

An additional ~450 customers were added from small, non-municipal acquisitions.

## Signed Municipal Agreements Pending Closing

Acquisition	State	Type	Total Cust.	Approx. Purchase Price (\$000s)
New Garden	PA	WW	2,106	\$29,500
Schuylkill	PA	W	600	\$3,600
Grant Park	IL	WW	540	\$2,300
Cheltenham	PA	WW	10,450	\$50,250
Skyline	IL	W/WW	752	\$3,550
East Norriton	PA	WW	4,952	\$21,000
<b>Total</b>			<b>19,400</b>	<b>\$110,200</b>

As of April 12, 2019

Additional non-municipal system Northern Neck in Virginia with 540 customers closed in Q1 '19.

**~\$100m of rate base acquired expected to generate ~\$5m of incremental annual earnings potential<sup>1</sup>**



Note: Transactions above listed in chronological order of closing / signing.

<sup>1</sup> This is an illustrative earnings assumption based on assumed 50% debt / 50% equity capital structure and hypothetical 10% allowed return on equity and historical results.

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# Current Water and Wastewater Municipal Transaction Opportunities

*We are actively pursuing acquisition opportunities, in four of our existing states, totaling over 400,000 customers. While we do not expect to close all of these opportunities, this chart is meant to illustrate the significant size of and the number of municipals we are currently evaluating*

Size Range (Approx. # of Customers)	Total Customers (approx.)
>50,000	315,000
10,000 – 50,000	54,000
<10,000	46,000
<b>Total</b>	<b>415,000</b>

# 2019 Rate Activity

As of 5/2/2019

## Completed Rate Cases and Surcharges

- Base rate cases or surcharges in IL, OH and PA with requested annualized revenue increase of \$4.9 million

As of 5/2/2019

## PA Rate Case Settlement Reached Pending Approval

- \$47 million in additional annual revenue expected to go into rates, approximately 65% of our initial ask.

As of 5/2/2019

## Pending Rate Cases and Surcharges

- Base rate cases or surcharges filed in NJ, NC and OH
- Requested \$6.3 million in additional annualized revenue



# Aqua and Peoples PA Rate Case Update

	Aqua Pennsylvania	Peoples Natural Gas <sup>2</sup> (PA)
Date Filed	17-Aug-2018	28-Jan-2019
Requested Rate Base	\$3,409m <sup>1</sup>	\$2,052m
Test Year	<ul style="list-style-type: none"> <li>Fully-projected future test year ending Mar-2020</li> </ul>	<ul style="list-style-type: none"> <li>Fully-projected future test year ending Oct-2020</li> </ul>
Requested Revenue Increase (\$m)	\$71.8m	\$94.9m
Authorized Increase	<ul style="list-style-type: none"> <li>Proposed settlement for \$47.3m of annualized revenue increase (pending final approval)</li> </ul>	<ul style="list-style-type: none"> <li>Rate case proceedings ongoing</li> </ul>
Timing	<ul style="list-style-type: none"> <li>New rates went into effect in May 2019</li> </ul>	<ul style="list-style-type: none"> <li>New rates expected to go into effect in fall 2019</li> </ul>
Commentary	<ul style="list-style-type: none"> <li>Aqua's first PA rate case since 2011 filing</li> <li>Incorporates more than 20 new acquisitions and over \$2b of investment</li> <li>Aqua's first PA rate case using fully projected future test year</li> </ul>	<ul style="list-style-type: none"> <li>Peoples' first rate case since 2012 filing</li> <li>Supports the largest infrastructure initiative in the company's history</li> <li>Represents consolidation of Peoples and Equitable divisions</li> </ul>

<sup>1</sup> Represents Aqua America estimate of depreciated utility plant less CIAC, customer advances for construction, and deferred income taxes plus allowance for materials and supplies and cash working capital as of 31-Mar-2020.

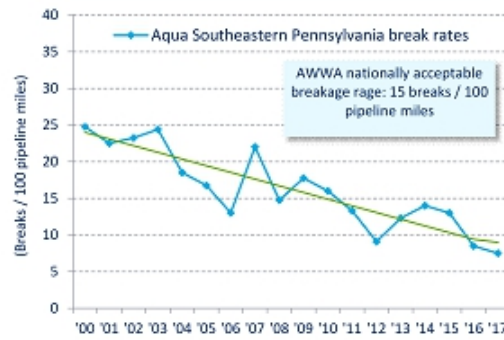
<sup>2</sup> Does not include Peoples Gas, TW Phillips and Delta.

# Aqua's Commitment to Safety and Sustainability

- Issued inaugural Corporate Social Responsibility Report in 2018
- Participated in Carbon Disclosure Project (CDP) Survey and received a strong first-time score of C in the "Awareness" level in the top 40% of CDP companies
- Main break average steadily declining and below acceptable range, substantially reducing unaccounted-for water
- Reported record safety metrics including steadily declining lost time injury rate, lost work days and OSHA injury rate
- Compliance for drinking water and wastewater continued to improve to record levels



**Aqua Southeastern Pennsylvania Main Break Averages**

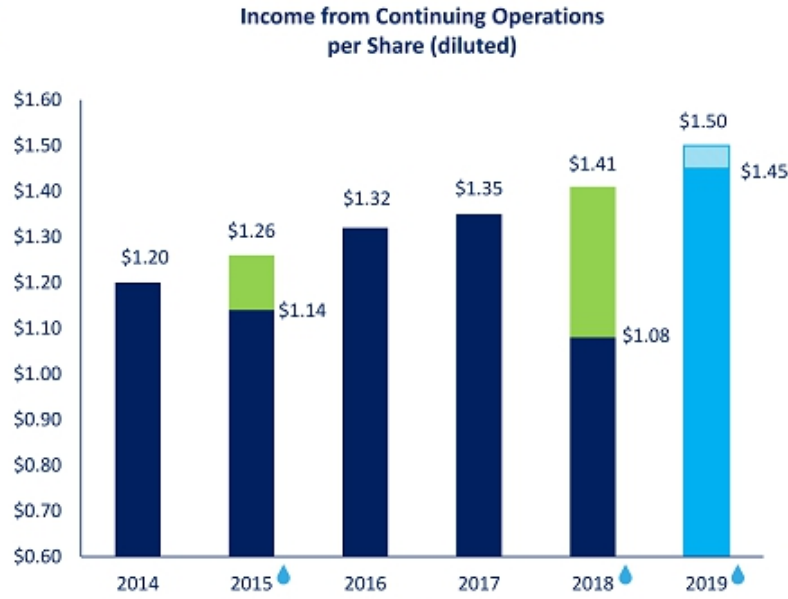


# 2019 Aqua Stand-Alone Guidance

Excluding Peoples transaction-related items and earnings impacts from Peoples post-closing

Earnings	<ul style="list-style-type: none"><li>Adjusted income of \$1.45 to \$1.50 per share</li></ul>
Capex	<ul style="list-style-type: none"><li>Infrastructure investments of approximately \$550 million in 2019 for communities served by Aqua</li><li>Infrastructure investments of approximately \$1.4 billion through 2021 in existing operations to rehabilitate and strengthen systems</li><li>Rate base growth of 7 percent per year through 2021</li></ul>
Customer Growth	<ul style="list-style-type: none"><li>Total customer growth of between 2 and 3 percent</li></ul>
Peoples	<ul style="list-style-type: none"><li>Closing of Peoples acquisition expected in the fall of 2019</li></ul>

# Growth in Income from Continuing Operations per Share



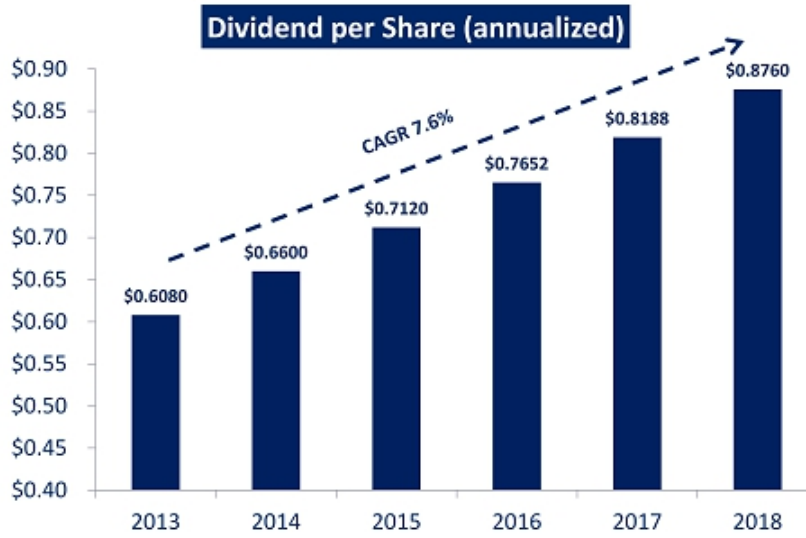
2015 adjusted for joint venture impairment charge (a non-GAAP financial measure). 2015 Income per Share was \$1.14.

2018 adjusted for transaction costs and other items related to the Peoples transaction (non-GAAP). 2018 GAAP Income per Share was \$1.08.

2019 Aqua stand-alone guidance range, excluding Peoples transaction-related items and earnings impacts from Peoples post-closing.

# Dividend Increase History

7.0% Increase to Annualized Dividend Rate Effective 9/1/2018



Dividend paid for last 74 years in a row and increased 28 times in the last 27 years.

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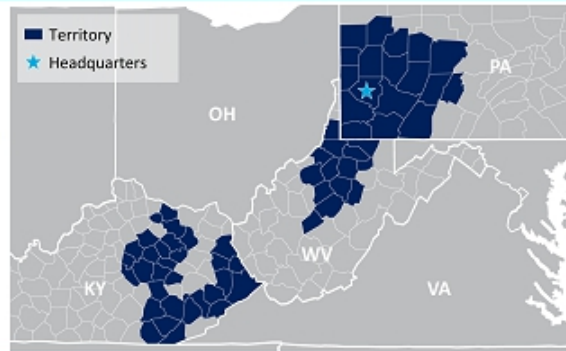
# Peoples Acquisition

AQUA™

# Peoples: A Leading Natural Gas Utility

*A regulated natural gas distributor with over 740,000 total customers*

- Provides natural gas distribution services to over 740,000 total customers in three states
- Headquartered in Pittsburgh, PA
- The company was created through the acquisition by SteelRiver of Peoples in Feb. '10, TW Phillips in May '11, Equitable in Dec. '13 and Delta Gas in Sept. '17
- Employees: 1,500+
- Approximately 15,200 miles of distribution pipeline, 2,400 miles of gathering pipeline and 310 miles of intrastate transmission pipeline as of Dec. '18



## Financial Overview

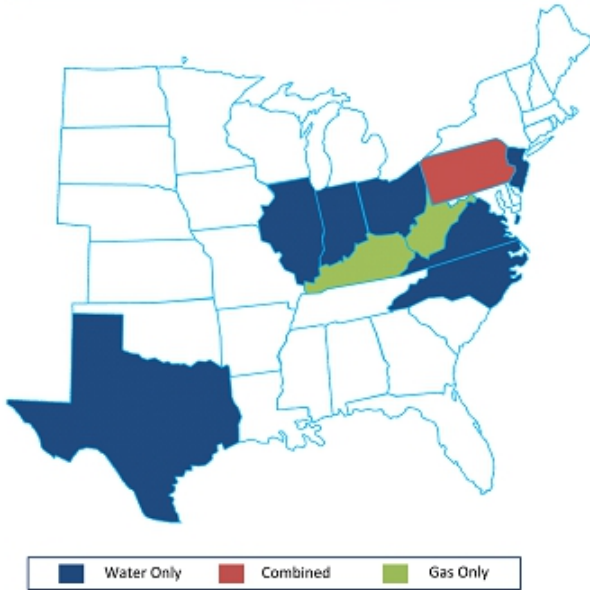
- Long-term Infrastructure Improvement Plan ("LTIIIP") for approximately \$200M annually
- 3,100 miles of bare steel and cast-iron pipe to be replaced in coming years at a rate of approximately 150 miles per year
- 98% of earnings from regulated gas distribution
- Projected Rate Base CAGR: ~8-10% ('19-'21)<sup>1</sup>
- Peoples Natural Gas filed a PA rate case in January 2019

State	Approximate # of Customers
Pennsylvania	693,244
Kentucky	38,701
West Virginia	12,868
<b>Total</b>	<b>744,813</b>

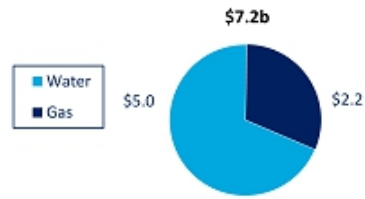
# Combined Pro Forma Utility Profile

Creating an infrastructure company well-positioned for strong growth

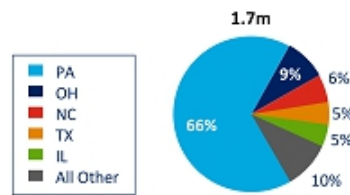
## Combined Company Footprint



## 2019 YE Estimated Rate Base (\$B)



## Current Customers by State<sup>1</sup>





# Acquisition of Peoples: Strategic Rationale

Creating an infrastructure company well-positioned for strong growth

## Strategic Rationale

<b>Adds platform for growth</b>	<ul style="list-style-type: none"> <li>• Introduces new platform for growth</li> <li>• Expands infrastructure investment opportunities to drive rate base growth</li> </ul>
<b>Benefits of increased scale</b>	<ul style="list-style-type: none"> <li>• Increases rate base ~45%<sup>1</sup> and diversifies earnings mix</li> <li>• Creates only multi-platform water and natural gas utility of scale in the US</li> </ul>
<b>Constructive jurisdictions</b>	<ul style="list-style-type: none"> <li>• Increases presence in PA; one of the most highly-regarded regulatory environments</li> </ul>
<b>Shared expertise in infrastructure</b>	<ul style="list-style-type: none"> <li>• Highly complementary infrastructure businesses</li> </ul>
<b>Management Team Experience</b>	<ul style="list-style-type: none"> <li>• Peoples team brings meaningful experience, with COO having been with Peoples for over 30 years</li> </ul>

## Expected Benefits to Key Stakeholders

Customers	Shareholders	Communities
<ul style="list-style-type: none"> <li>✓ Continued best-in-class service from established gas and water utilities</li> <li>✓ No impact to customer rates from transaction</li> <li>✓ Financial capacity will enhance infrastructure investments, increasing reliability and safety</li> </ul>	<ul style="list-style-type: none"> <li>✓ Accretive to earnings</li> <li>✓ Improves future rate base and earnings growth</li> <li>✓ Supports continued long-term dividend growth</li> <li>✓ Larger market capitalization, float and trading liquidity post permanent financings</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continued engagement in the communities that each company serves</li> <li>✓ Infrastructure investment will improve quality of life and contribute to economic prosperity in our communities</li> </ul>



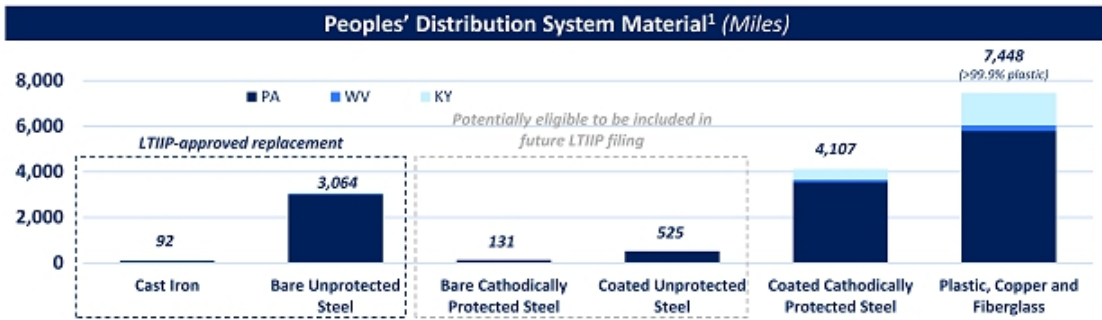
<sup>1</sup> Based on expectations for estimated rate base as of year-end 2019.

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# Peoples' Pipeline Replacement Program



- Peoples has identified over 3,000 miles of bare steel and cast iron pipe to be replaced under its LTIP by 2034 in its PA service territory alone
  - At approximately 150 miles per year of pipe replacement, this implies ~20 years of increased capital spending
  - DSIC allows for accelerated recovery of capital between rate cases

*There is ample opportunity at Peoples to deploy capital to improve aging infrastructure and earn timely recovery under the LTIP*

# Attractive Capex Recovery Mechanisms

Large share of capex eligible for DSIC and other mechanisms significantly reduces regulatory lag for combined company.

**Aqua Capex: 2019-2021 Estimates**



~7% Rate Base CAGR<sup>1</sup>

**Peoples Capex: 2019-2021 Estimates**



~8-10% Rate Base CAGR<sup>1</sup>

**Pro Forma Combined Capex: 2019-2021 Estimates**



State	PA	IN	OH	NJ	IL	NC
Mechanism	DSIC	DSIC	SIC	DSIC	QIPS	WSSIC
Allowed Surcharge	7.5% W 5% WW	10%	12.75% W 9% WW	5%	2.5% Avg. annual increase	5%



State	PA	KY
Mechanism	DSIC	PRP
Allowed Surcharge	5%	No cap



**Note(s):** DSIC refers to 'Distribution System Improvement Charge'. WSSIC refers to 'Water and Sewer System Improvement Charge'. QIPS refers to 'Qualifying Infrastructure Plant Surcharge'. PRP refers to natural gas 'Pipeline Replacement Program'.  
<sup>1</sup> Represents expected compound annual growth from 01-Jan-2019 through 31-Dec-2021 based on capex, depreciation and rate base assumptions.

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# Significantly Larger Utility Platform

	AQUA	PEOPLES	AQUA PEOPLES	% Increase Above Aqua Standalone
<b>Enterprise Value (\$B)</b>	\$9.1 <sup>1</sup>	\$4.3	\$13.4	+47%
<b>Customers<sup>2</sup></b>	~1,000,000	~740,000	~1,740,000	+74%
<b>'19E Rate Base (\$B)<sup>2</sup></b>	\$5.0	\$2.2	\$7.2	+44%
<b>Full-Time Employees<sup>3</sup></b>	~1,600	~1,500	~3,100	+94%

Source(s): Aqua America SEC Filings, Bloomberg market data

<sup>1</sup> Represents Enterprise Value as of 29-Mar-2019 sourced from Bloomberg, calculated as the market value of common stock plus market value of preferred equity plus market value of debt plus minority interest minus cash and investments.

<sup>2</sup> Estimated as of year-end 2019.

<sup>3</sup> As of 31-Dec-2018.

# Sources and Uses

(\$ in millions)

Sources of Funds		Uses of Funds	
Common Stock	\$1,294	Peoples Equity Purchase Price <sup>1</sup>	\$2,905
CPPIB Equity Investment <sup>2</sup>	\$750	Assumption of Peoples debt <sup>3</sup>	\$1,370
Tangible Equity Units ("Mandatory Convertible")	\$690	Aqua Private Placement Note Refinancing	\$314
Debt	\$900	Transaction Costs / Expenses	\$265
Assumption of Peoples debt <sup>3</sup>	\$1,370	General Corporate Purposes <sup>4</sup>	\$150
<b>Total Sources of Funds</b>	<b>\$5,004</b>	<b>Total Uses of Funds</b>	<b>\$5,004</b>

- *On 29-Mar-2019, we announced an approximately \$750m investment from CPPIB which will close concurrently with, and contingent upon, the Peoples acquisition<sup>2</sup>*
- *Our permanent financing plan targets a strong balance sheet and strong investment grade credit ratings for a fully regulated company*

<sup>1</sup> Assumes that the Peoples Acquisition cash purchase price is reduced by \$1.37b based on assumption of \$1.37b of Peoples' indebtedness.

<sup>2</sup> Through the investment, CPPIB will acquire approximately 21.7 million newly issued shares of Aqua's common stock.

<sup>3</sup> Based on estimated Peoples net debt at closing.

<sup>4</sup> General corporate purposes may include working capital and capital needs or repayment of certain revolving credit facility borrowings.

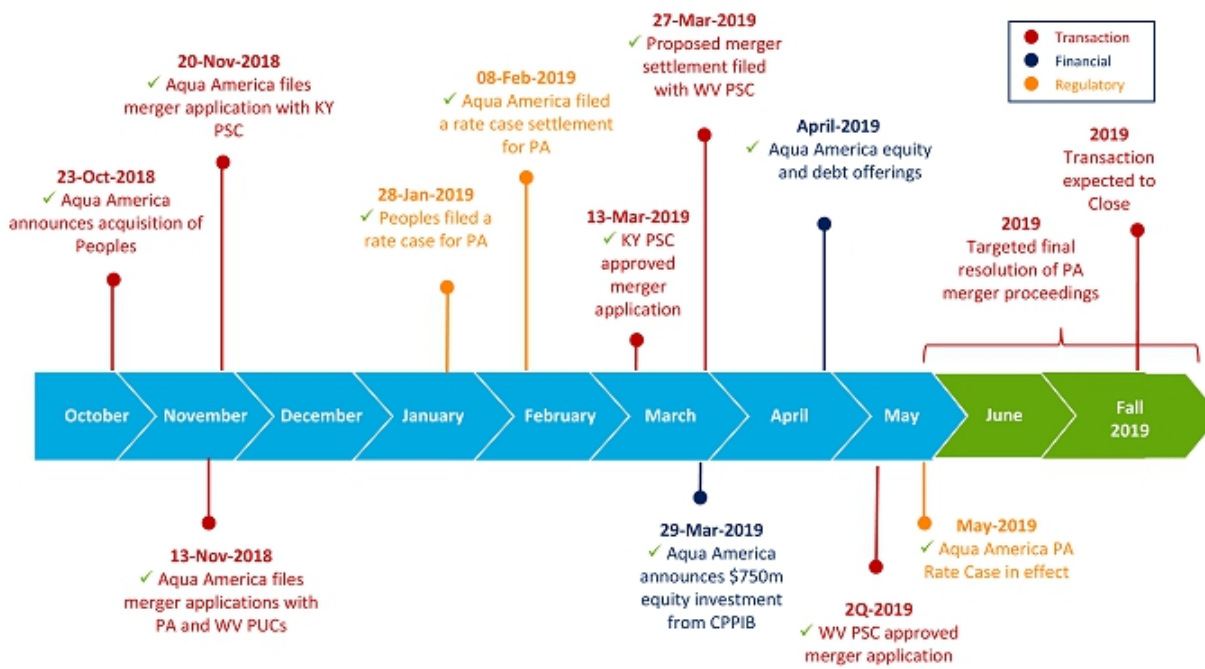
## Strong Debt Issuance and Credit Ratings

- Issued \$900 million of senior notes at a weighted average yield of 3.96%
- Weighted average maturity of 21 years
- Lower interest rate than expected at October announcement
- Strong investment-grade ratings
- Interest rate swaps settled; will result in \$11.1 million of income from mark-to-market in Q2

**S&P Global**  
Ratings

MOODY'S

# Timeline / Transaction Status



Integration and post-merger planning is well underway and has been ongoing since deal announcement

# Commitment to Stakeholders

Combining Two Great Companies, Each with Over a Century of Service

<b>Customers</b>	<ul style="list-style-type: none"><li>• Continued best-in-class service from established gas and water utilities</li><li>• No impact to customer rates from transaction</li><li>• Financial capacity will enhance infrastructure investments, increasing reliability and safety</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>• Shared culture of safety, operational excellence and professional development</li><li>• Increased opportunities for career development and advancement</li><li>• Complementary values and missions</li></ul>
<b>Communities</b>	<ul style="list-style-type: none"><li>• Continued engagement in the communities that each company serves</li><li>• Infrastructure investment will improve quality of life and contribute to economic prosperity in our communities</li></ul>
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• Immediately accretive to earnings first full year and over the long-term post closing</li><li>• Improves future rate base and earnings growth</li><li>• Supports continued long-term dividend growth</li><li>• Larger market capitalization, float and trading liquidity post permanent financings</li></ul>
<b>Bondholders</b>	<ul style="list-style-type: none"><li>• Transaction expected to be financed largely with equity to maintain strong investment-grade credit ratings</li></ul>



# Questions?

**For more information contact:**



**Brian Dingerdissen**

Vice President, Chief of Staff and Investor Relations

610.645.1191

[BJDingerdissen@AquaAmerica.com](mailto:BJDingerdissen@AquaAmerica.com)

# Appendix

Aqua America

The logo for Aqua America, featuring the word "AQUA" in a blue, sans-serif font. The letter "Q" is stylized with a blue wave-like shape underneath it. A small trademark symbol (TM) is located to the right of the word.

**AQUA**<sup>TM</sup>

# Public Information Available on Peoples

## Publicly Available Information

- Aqua America Press Release Announcing Peoples Acquisition
- Aqua America Peoples Acquisition Investor Presentation and Call Transcript
- Aqua America Q3 '18, FY 2018 and Q1 2019 Earnings Presentations and Call Transcripts
- 2017 Annual Gas LDC Filing for Peoples' Natural Gas, Peoples' Gas LLC (formerly known as TWP), Peoples WV and Delta Gas
  - Available on SNL energy database and PUC websites
- Credit Ratings Agency Research
  - Moody's research dated Oct 24, 2018 and April 24, 2019
  - S&P Research dated Jul 16, 2018, Oct 24, 2018 and April 24, 2019
- SNL energy database (rate case filings and FERC financials)

## Public Disclosures Provided by Aqua and Peoples

- 3,000+ miles of pipe to be replaced under LTIIP
- Annual Capex
  - 2018E: ~\$280mm
  - 2019E: \$297mm
  - 2020E: \$360mm
  - 2021E: \$360mm
- 70% of capex eligible for DSIC or similar mechanisms
- 2019E Key Financials:
  - EBITDA: \$289mm
  - Rate Base: \$2.2bn
  - Assets: \$3.4bn
- Rate Base CAGR: ~8-10% ('19E – '21E)
- 370,000 potential customers conversions in Western Pennsylvania

# First Quarter Highlights

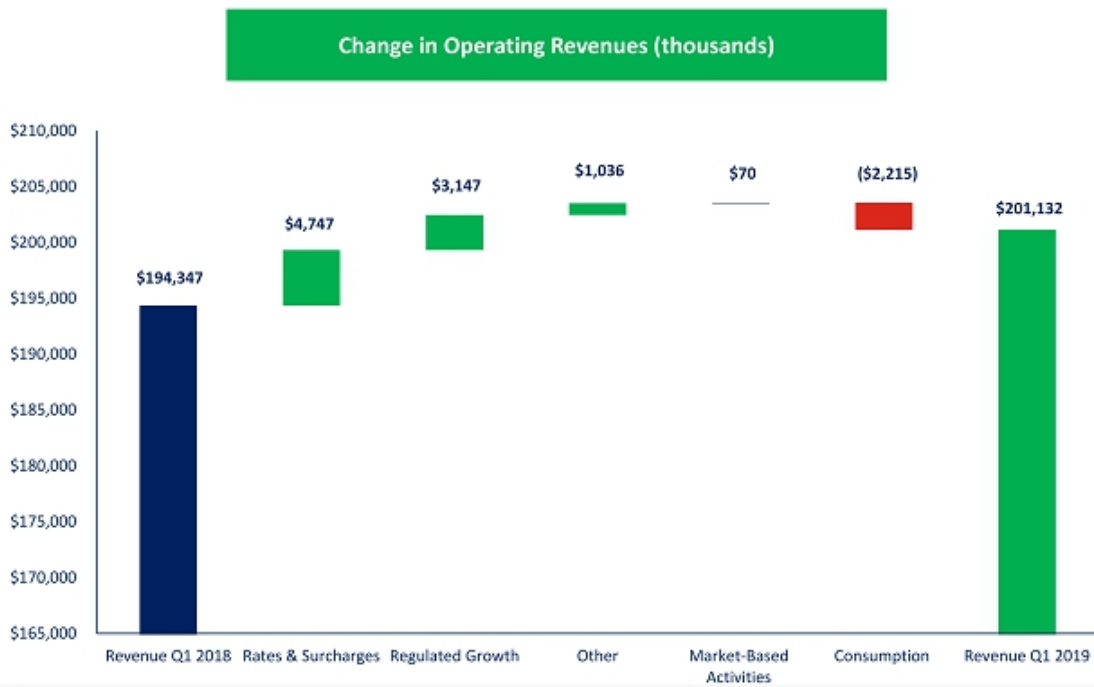
As of March 31, 2019

- Favorable Change
- Unfavorable Change

In millions except per share	Q1 2019		Q1 2018	Variance
Revenue	\$201.1	▲	\$194.3	3.5%
Operations and Maintenance Expense	\$79.3	▲	\$73.9	7.3%
Net Income (GAAP)	\$16.9	▼	\$50.8	(66.7%)
Net Income per Share (GAAP)	\$0.09	▼	\$0.29	(69.0%)
Adjusted Income (non-GAAP)	\$49.7	▼	\$50.8	(2.2%)
Adjusted Income per Share (non-GAAP)	\$0.28	▼	\$0.29	(3.4%)

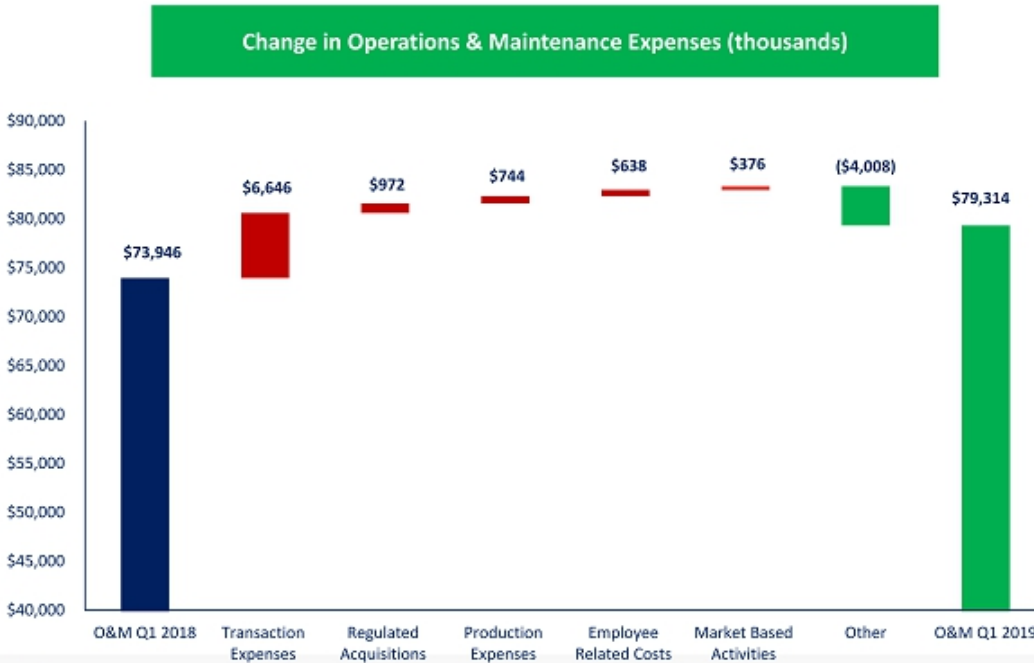
# Operating Revenues

Q1 2019 vs. Q1 2018



# Operations & Maintenance Expenses

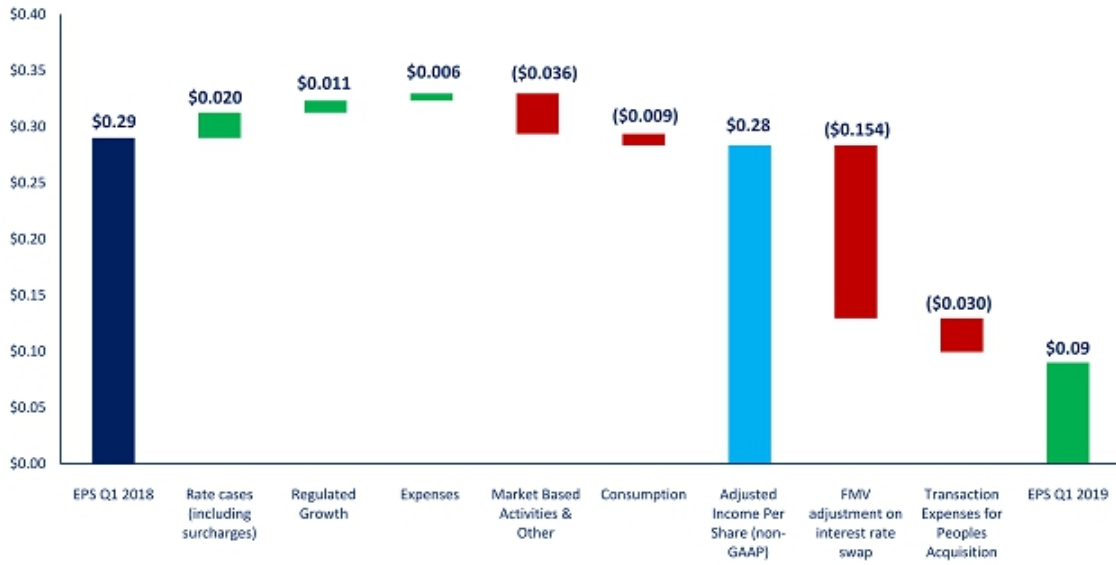
Q1 2019 vs. Q1 2018



# Earnings per Common Share

Q1 2019 vs. Q1 2018

## Change in Earnings Per Share



# Aqua 2019 Rates and Surcharges Completed

As of May 2, 2019

State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois	N/A	Surcharge (w)	\$1,394
	N/A	Surcharge (ww)	\$268
Ohio	89-7028-WW-TRF	Rate Cases (w)	\$974
	18-0337-WW-SIC	Surcharge (w)	\$2,267
Pennsylvania	M-2018-3006585, M-2018-3006634, M-2019-3008029, M-2019-3008681, M-2019-3008713	Surcharges (w & ww)	\$2
<b>Total</b>			<b>\$4,905</b>



Note: Rates and Surcharges differentiated by water (w) and wastewater (ww) systems.

NYSE: WTR





# Aqua 2019 Rates and Surcharges Pending

As of May 2, 2019

State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
New Jersey	WRT18121351	Rate Case (w)	\$7,202
North Carolina	W-218, Sub 497A	Surcharge (w)	\$602
	W-218, Sub 497A	Surcharge (ww)	\$62
Ohio	18-1843-WW-UNC & 18-1841-ST-UNC	Tax Compliance Surcharge	(\$3,917)
	19-567-WW-SIC	Surcharge (w)	\$2,335
Pennsylvania*	R-2018-3003558	Rate Case (w)	\$58,299
	R-2018-3003561	Rate Case (ww)	\$13,470
<b>Total</b>			<b>\$78,053</b>



Note: Rates and Surcharges differentiated by water (w) and wastewater (ww) systems.

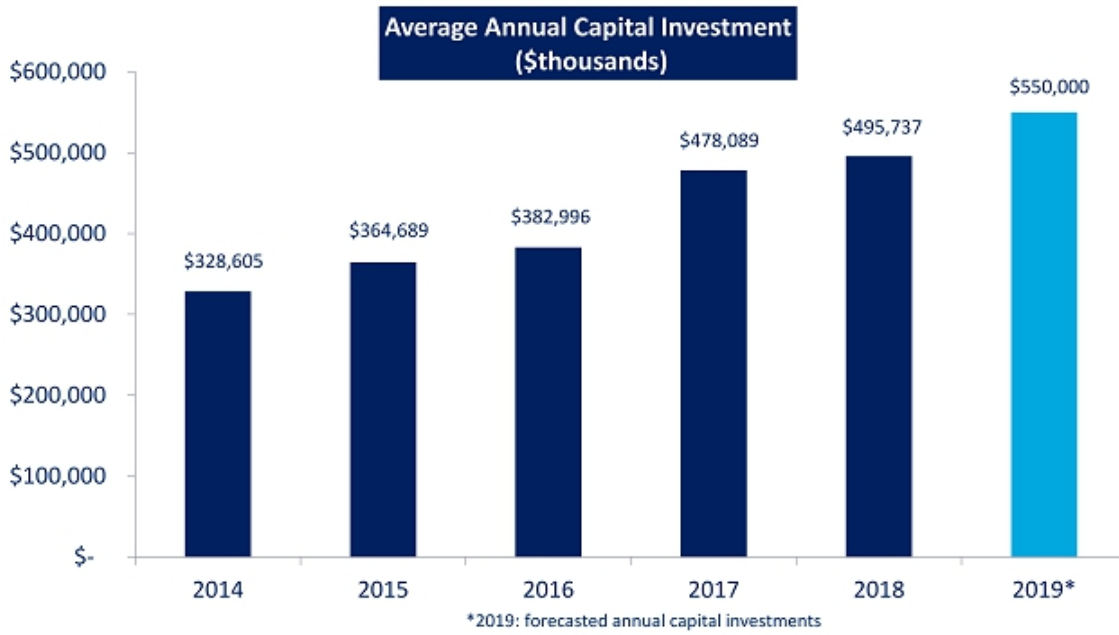
\*Joint settlement agreement reached and pending approval with approximately \$47 million in annual incremental revenue. Rates went into effect in May 2019.

NYSE: WTR



# Building for the Future

Regulated Operations



# Aqua States with Infrastructure Surcharges

State	Allowed Surcharge
IL	2.5% Avg. Annual Increase
IN	10%
NC	5%
🔹 NJ	5%
OH	12.75% water 9% wastewater
PA	7.5% water 5% wastewater

🔹 Water only  
16 additional states have water infrastructure surcharges

# State by State Comparison

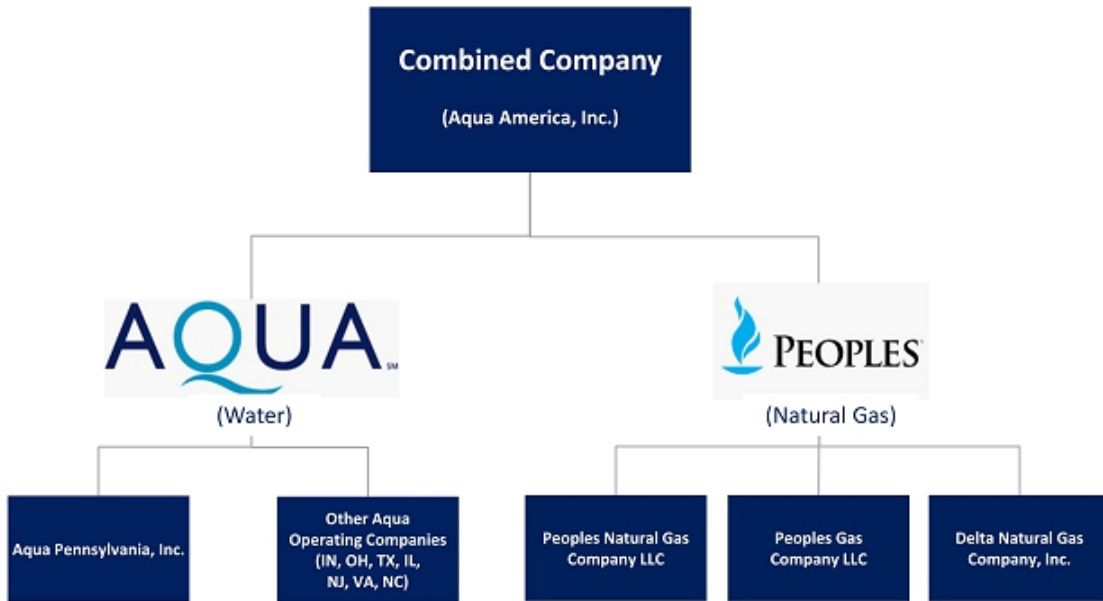
As of December 31, 2018

Aqua Standalone				
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	3,095,126	440,487	28,115	468,602
OH	317,168	145,938	6,878	152,816
IL	320,002	65,214	15,222	80,436
TX	234,569	64,360	17,480	81,840
NJ	171,113	53,639	6,213	59,852
NC	203,761	81,074	19,114	100,188
IN	82,622	1,226	26,979	28,205
VA	75,047	25,843	7,787	33,630
<b>Total</b>	<b>4,499,410</b>	<b>877,781</b>	<b>127,788</b>	<b>1,005,569</b>

Peoples		
State	Rate Base (\$000s)	Gas Connections
PA	1,938,911	693,244
KY	108,358	38,701
WV	26,100	12,868
<b>Total</b>	<b>2,073,370</b>	<b>744,813</b>

# Pro Forma Organization Overview

As part of the Aqua America family, Peoples provides a natural gas platform of scale and creates another avenue for growth.



Note: Organization chart simplified to exclude non-operational legal entities and small unregulated subsidiaries.

NYSE: WTR



# GAAP to non-GAAP Reconciliation

	Quarter Ended March 31,	
	2019	2018
Net income (GAAP financial measure)	\$16,924	\$50,839
Plus: transaction-related expenses for the Peoples transaction	41,428	
Less: tax effect	(8,628)	
Adjusted income (non-GAAP financial measure)	\$ 49,724	\$50,839
Net income per common share (GAAP financial measure):		
Basic	\$ 0.09	\$ 0.29
Diluted	\$ 0.09	\$ 0.29
Adjusted income per common share (non-GAAP financial measure):		
Basic	\$ 0.28	\$ 0.29
Diluted	\$ 0.28	\$ 0.29
Average common shares outstanding:		
Basic	178,213	177,801
Diluted	178,552	178,238