



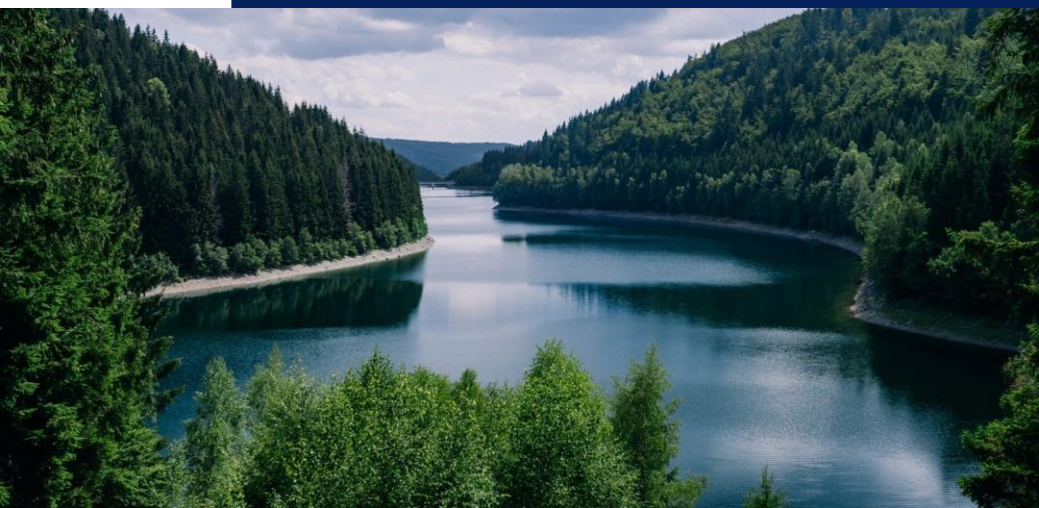
NYSE  
LISTED

WTRG



Essential™

**First Quarter 2024**  
May 3<sup>rd</sup>, 2024





# Brian Dingerdissen

---

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

---

Chairman and Chief  
Executive Officer

# Corporate Updates

**\$0.97 Earnings**  
Per Share<sup>(1)</sup>

**Completed Sale**  
of the Three District  
Energy Projects

Regulatory Progress on  
**PA FMV Reform**

EPA's **First-Ever**  
**Limits on PFAS** in  
Water

Infrastructure  
Investment of  
**\$253.0M**

Appointment of  
**Tamara Linde**  
and **Christopher**  
**Bruner** to Board

1) Includes the gain on sale for the \$165 million sale of the three energy projects.

# Solidifying the Strength of Our Board



## Tamara L. Linde

**Executive Vice President and General Counsel, PSEG**

- Ms. Linde has over 30 years of experience in various roles with responsibilities involving energy, regulatory, legal, risk, environmental, governmental affairs, and transactions
- Ms. Linde is on the board of Community Foundation of New Jersey, PSEG Foundation and is a Member of the American Arbitration Association / International Centre for Dispute Resolution Council (AAA / ICDR)
- Ms. Linde is a graduate of Seton Hall University from which she holds a bachelor's degree in History and a Juris Doctorate degree from Seton Hall University School of Law

### Key Skills

- Utility Industry
- Legal/Government
- Regulatory
- Leadership
- C-Suite Experience
- Geographic Diversity



## Christopher L. Bruner

**Partner, Ernst & Young  
(Retiring 12/2024)**

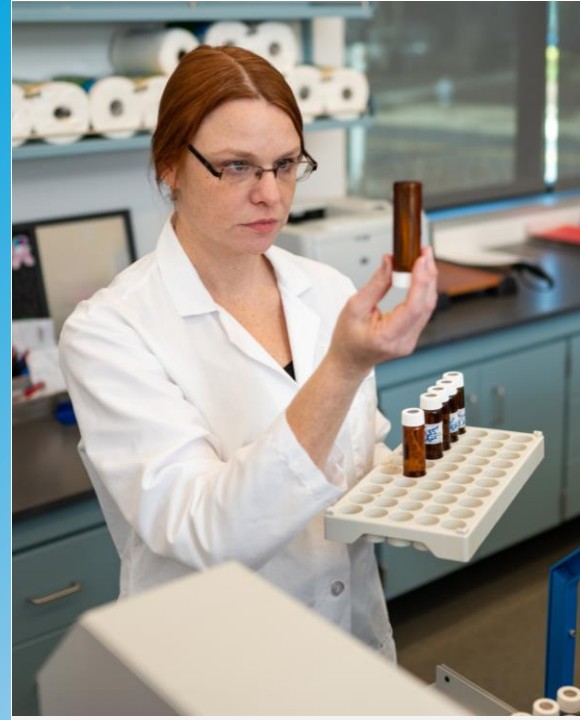
- Mr. Bruner has over 35 years of experience in various roles with responsibilities involving finance, audit, strategy, mergers and acquisitions
- Mr. Bruner has served on several non-profit boards including member and Chair of Mann Center for the Performing Arts, member and Chair of the Audit Committee of Main Line Health Board, and member and Treasurer of The Union League of Philadelphia
- Mr. Bruner is a graduate of Indiana University from which he holds a Bachelor of Science degree in Accounting

### Key Skills

- Financial
- Regulatory
- Leadership
- Mergers & Acquisitions

# Industry-leading approach to PFAS mitigation

Aqua Started Testing and Addressing PFAS for More than Five Years



Recent Completion of PFAS Treatment Facility in NJ



Voluntary Reporting of PFAS Test Results in Water Quality Reports





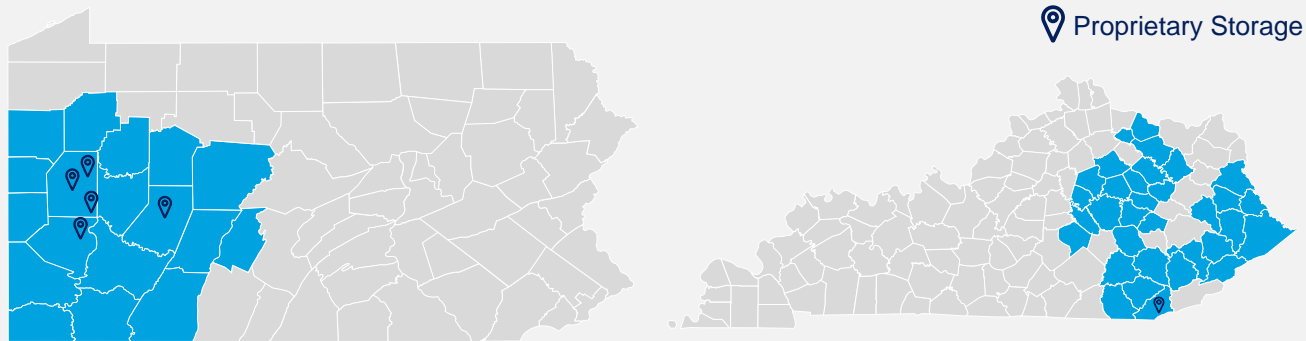
**Mike Huwar**

—  
President, Peoples



Targeting **~10%** Rate Base CAGR<sup>1</sup>

## LOCATED IN CONSTRUCTIVE REGULATORY JURISDICTIONS



**Largest** natural gas distribution company in PA with **\$3.3 billion** of rate base as of year-end 2023

Serving more than **743,000 customers** as of year-end 2023

Operations located near plentiful, **low-cost natural gas sources**

## OPERATIONAL EXCELLENCE

**OUTSTANDING HAZARDOUS LEAKAGE RECORD**  
Reduction of over **80%** of gas leaks outstanding at year end **2023** since 2019

**LEADING MILE REPLACEMENT PROGRAM IN PA**  
Large scale modernization program with **peer-leading replacement cost per mile**

**FOCUSING ON CUSTOMER AFFORDABILITY**  
Continued value for customers with **annual bills of less than \$1,000** per average household

**DELIVERING EXCEPTIONAL SERVICE**  
**Peer-group leader** 3-years running within PA PUC<sup>(2)</sup> **customer service performance report**

(1) Through 2028.  
(2) Pennsylvania Public Utilities Commission.

# Peoples Natural Gas

## Overview of Pennsylvania Rate Case Filing

### Case Details

<b>Filed:</b> 12/29/2023	<b>Revenue:</b> \$671.5M	<b>Equity:</b> 54.67%
<b>Rates Expected:</b> October 2024	<b>Increase:</b> \$156.0M, or 18.7%	<b>ROE:</b> 11.75%

**Rate Base through the Fully-Projected Future Test Year as of 9/30/2025:**  
\$4.2B up from \$2.1B in 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**

# Increasing Safety and Limiting Risk with Focus on the Customer

## Long-Term Infrastructure Improvement Plan (LTIP)



### Current Phase of LTIP

- Covers from 2021 to 2025
- Targets 870 miles of replacement at \$1.5B of capital investment

### Status of Current Phase

- Peoples has modernized 511 miles<sup>(1)</sup>
- Significant contributor to reduction of CO2 emissions

**Peoples Expects to File for Additional LTIPs after the Current Phase Ends**

## Operational Improvements through Technology Initiatives



### Safety Improvements

- Advanced metering technology
  - Pilot program in 2024
- Over-pressure protection program
  - Improves detection and response times

### Operational Improvements

- Enhancing the tracking and traceability of the systems

(1) As of 12/31/2023.



# Daniel Schuller

—  
EVP,  
Chief Financial Officer

# Q1 Financial Highlights

As of March 31, 2024

(\$ in millions, except per share data)	Q1 2023	Q1 2024
<b>Operating Revenues</b>	\$726.5	\$612.1
<b>Purchased Gas</b>	\$256.3	\$129.7
<b>Operations and Maintenance Expense</b>	\$138.0	\$136.9
<b>Operating Income</b>	\$225.5	\$230.7
<b>Net Income</b>	\$191.4	\$265.8
<b>Net Income per Share</b>	\$0.72	\$0.97

## Revenues

- Lower purchased gas costs and other items were the main drivers of the revenue decrease for the quarter; offset by additional revenues from regulatory recoveries, customer growth from the regulated water segment, and higher regulated natural gas segment and water segment volumes.

## O&M

- Decreases in the gas customer rider and other items were the main drivers for the quarter; offset by higher water production costs, employee-related costs, and expenses related to added acquisitions.

# Operating Revenues

Q1 2024 vs. Q1 2023

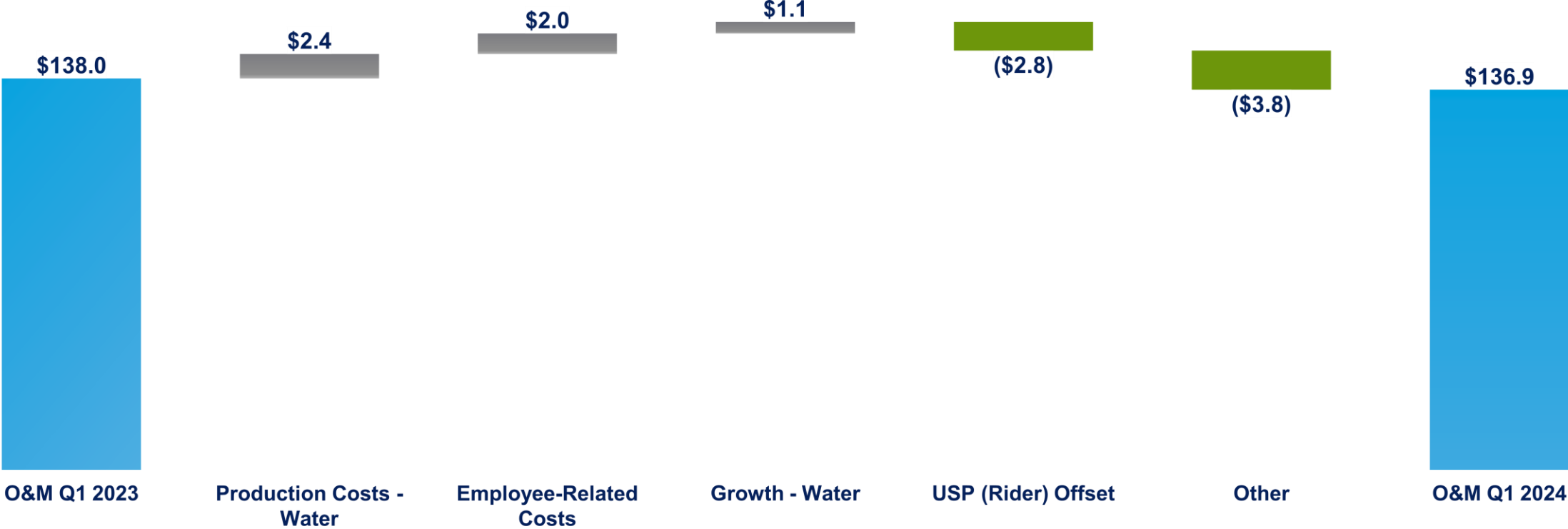
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

Q1 2024 vs. Q1 2023

Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

Q1 2024 vs. Q1 2023

## Change in Earnings Per Share





# Regulatory Activity

As of May 1, 2024

## 2024 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NC, OH and PA with annualized revenue increase of \$13.7 million

Gas segment surcharges in KY and PA with annualized revenue increase of \$1.0 million

## PENDING REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NJ, TX and VA with requested annualized revenue increase of \$43.2 million

Gas segment base rate case in PA with requested annualized revenue increase of \$156.0 million



# Christopher Franklin

---

Chairman and Chief  
Executive Officer

# Pending Municipal Transactions

~\$385M of Pending Rate Base is Expected to Generate ~\$19M of Incremental Annual Earnings Potential<sup>(1)</sup>



**PA**

**DELCORA**

- Wastewater
- 198,000 customers<sup>(2)</sup>
- \$276.5M purchase price



**PA**

**BEAVER FALLS**

- Wastewater
- 7,600 customers<sup>(2)</sup>
- \$41.25M purchase price



**PA**

**GREENVILLE**


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



**IL**

**WESTFIELD HOA**

- Wastewater
- 225 customers
- \$0.05M purchase price



**PA**

**GREENVILLE**

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



**PA**

**NORTH VERSAILLES**

- Wastewater
- 4,400 customers
- \$30.0M purchase price<sup>(3)</sup>

**Over 215,000<sup>(2)</sup>**  
Total Customers

**~\$385.0M**  
Total Purchase Price

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) Subject to evaluation adjustment.

# Guidance Outlook

<h2>Growth Targets</h2>	FY 2024 net income per diluted common share target of <b>\$1.96 - \$2.00<sup>(1)</sup></b>	Regulated utility rate base <b>CAGR of 8%</b> through 2028	<b>\$1.3 to \$1.4B</b> infrastructure investment for 2024	Infrastructure investments of <b>~\$7.2B</b> , weighted towards regulated water through 2028
-------------------------	--	--	---	--

<h2>Aqua Targets</h2>	Segment rate base <b>CAGR of approximately 8%</b> through 2028		Segment customer base <b>annual growth rate of between 2 and 3%</b> over the long-term
-----------------------	--	--	--

<h2>Peoples Targets</h2>	Segment rate base <b>CAGR of approximately 10%</b> through 2028		Segment customer base <b>expected to be stable</b> through 2024
--------------------------	---	--	---

1) As published during YE 2023 Earnings Call in February 2024. Due to the 1Q 2024 results (i.e., gain on sale of the energy plant assets and lower regulated natural gas operating revenues because of the warmer-than-normal weather), we anticipate exceeding this guidance.

An aerial photograph of a large, calm lake surrounded by a dense forest of evergreen trees. The water is a deep blue-green color, and the forest is a vibrant green. The lake is surrounded by a thick forest of evergreen trees, likely spruce or fir, which are densely packed and cover the surrounding land. The water is still, reflecting the sky and the surrounding forest. The overall scene is peaceful and natural.

# Questions

# For More Information Contact:



**Brian Dingerdissen**  
**Vice President,**  
**Investor Relations and Treasury**

(610) 645-1191  
BJDingerdissen@Essential.co



# Appendix

# 2023 Regulatory Activity Completed

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,569
	22-1094-WW-AIR	Water	Rate Case	\$4,498
	22-1096-ST-AIR	Wastewater	Rate Case	\$352
Indiana		Wastewater	Rate Case	\$134
Illinois		Water	Surcharge	\$1,352
		Wastewater	Surcharge	\$567
Virginia	PUR-2022-00113	Wastewater	Surcharge	\$15
North Carolina	W-218, Sub 573	Water	Rate Case – Year 1	\$9,706
	W-218, Sub 573	Wastewater	Rate Case – Year 1	\$4,294
	W-218, Sub 573	Water	Rate Case – Year 2 <sup>(1)</sup>	\$2,632
	W-218, Sub 573	Wastewater	Rate Case – Year 2 <sup>(1)</sup>	\$1,111
	W-218, Sub 573	Water	Rate Case – Year 3 <sup>(2)</sup>	\$2,820
	W-218, Sub 573	Wastewater	Rate Case – Year 3 <sup>(2)</sup>	\$1,310
Pennsylvania		Gas	Surcharge	\$20,887
	M-2023-3041386	Water	Surcharge	\$867
	M-2023-3041418	Wastewater	Surcharge	\$63
	M-2023-30343171	Water	Surcharge	\$5,477
	M-2023-3043200	Wastewater	Surcharge	(\$73)
New Jersey	WR22050360	Water	Surcharge	\$2,173
Kentucky	2022-00341	Gas	Surcharge	\$385
Texas	53428	Water	Surcharge	\$6,010
	53428	Wastewater	Surcharge	\$2,378
			<b>Total</b>	<b>\$68,527</b>

1) Rates effective 1/1/2024.

2) Rates effective 1/1/2025.



# 2024 Regulatory Activity Completed

As of May 1, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,627
North Carolina	W-218, Sub 573	Water	Rate Case – Year 2	\$2,632
	W-218, Sub 573	Wastewater	Rate Case – Year 2	\$1,111
Pennsylvania		Gas	Surcharge	\$(256)
	M-2023-3045036	Water	Surcharge	\$5,626
	M-2023-3045037	Wastewater	Surcharge	\$142
Illinois		Water	Surcharge	\$1,823
		Wastewater	Surcharge	\$693
Kentucky	2023-00343	Gas	Surcharge	\$1,220
			<b>Total</b>	<b>\$14,618</b>

# Regulatory Activity Pending

As of May 1, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Illinois	22-0044	Water	Rate Case	\$10,741
	22-0044	Wastewater	Rate Case	\$8,455
Virginia	PUR-2023-00073	Water	Rate Case	\$5,215
	PUR-2023-00073	Wastewater	Rate Case	\$1,696
New Jersey		Water	Rate Case	\$8,328
Pennsylvania	R-2023-3044549	Gas	Rate Case	\$156,024
Texas		Water	Surcharge	\$4,688
		Wastewater	Surcharge	\$4,111
<b>Total</b>				<b>\$199,258</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

## STABLE CREDIT RATINGS

MOODY'S

**Baa2** Issuer    **Baa2** Issuance

**S&P Global**  
Ratings

**A-** Issuer    **BBB+** Issuance

## SELECT CREDIT TARGETS

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

DIVIDEND PAYOUT RATIO  
**60-65%**

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

## RAISING EQUITY TO SUPPORT LONG-TERM GOALS

To support long-term targets, Essential expects to raise

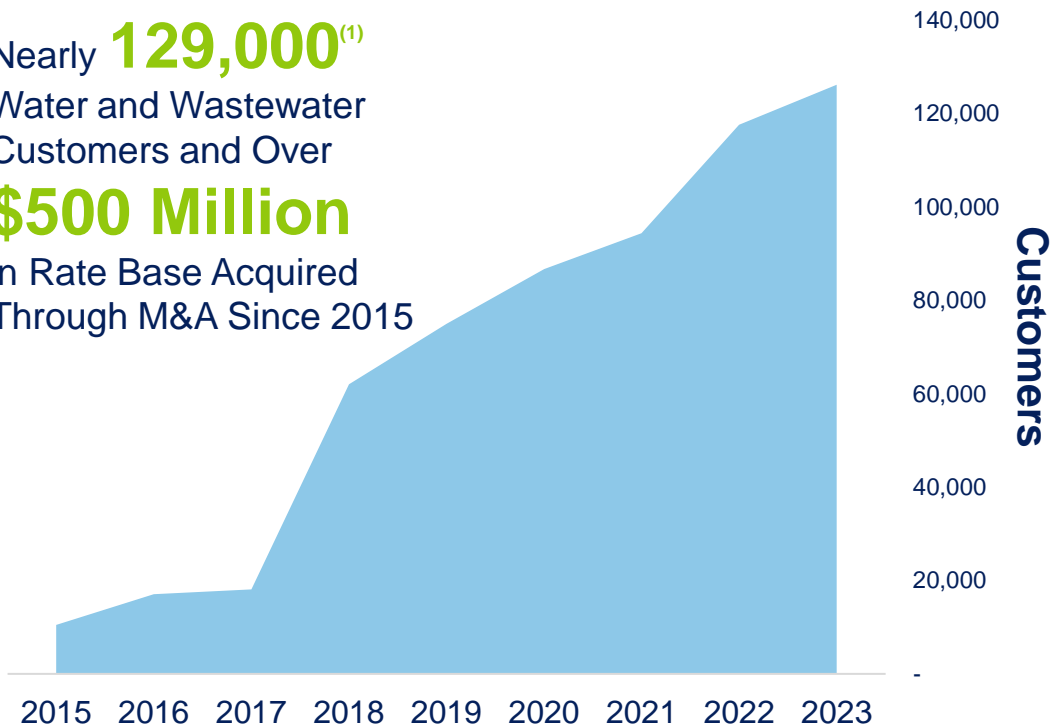
**\$250M**

through an ATM program in 2024

# Continued Water and Wastewater Acquisition Success

## Cumulative Additions of Customers Through Acquisitions Since 2015

Nearly **129,000<sup>(1)</sup>**  
Water and Wastewater  
Customers and Over  
**\$500 Million**  
in Rate Base Acquired  
Through M&A Since 2015



(1) Essential's estimate of the number of equivalent dwelling units.

## 2023 Acquisitions



### NORTH HEIDELBERG

- Wastewater
- 275 customers
- \$0.1M purchase price
- Closed March 31, 2023



### UNION ROME

- Wastewater
- 5,300 customers<sup>(1)</sup>
- \$25.5M purchase price
- Closed June 30, 2023



### SHENANDOAH

- Water
- 3,000 customers
- \$12M purchase price
- Closed July 24, 2023



### SOUTHERN OAKS

- Water
- 740 customers
- \$3.33M purchase price
- Closed July 31, 2023



### VILLAGE OF FRANKFORT

- Water/Wastewater
- 711 / 711 customers
- \$1.4M purchase price
- Closed July 31, 2023



### VILLAGE OF LA RUE

- Water
- 290 customers
- \$2.25M purchase price
- Closed July 31, 2023

**11,025<sup>(1)</sup>**  
Total Customers

**\$44.6M**  
Total Purchase Price