

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of American Water Works Company, Inc., Essential Utilities, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Alpha Merger Sub, Inc. for a Certificate of Public Convenience under Sections 1102(a)(3) and 2210(c) of the Public Utility Code and All Other Necessary Approvals to Effect a Change of Control of Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., and Peoples Natural Gas Company LLC

A-2025-3058927  
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**PREHEARING MEMORANDUM OF UTILITY  
WORKERS UNION OF AMERICA, AFL-CIO, LOCAL 612**

AND NOW, comes the Utility Workers Union of America, AFL-CIO, Local 612 and files the following Prehearing Memorandum, setting forth the following:

**HISTORY OF THE PROCEEDING**

The Utility Workers Union of America, AFL-CIO, Local 612 (“the Union”) is a labor organization that is the exclusive collective bargaining representative for the production, maintenance and clerical employees of the Joint Applicant, Peoples Natural Gas Company, LLC (“Peoples”). The Union and its predecessors in interest have been the exclusive collective bargaining representative for employees of Peoples since at least 1972, and perhaps earlier than 1972. The Union has also been the exclusive collective bargaining representative of Peoples’ clerical/dispatch employees since July of 2023.

For many years until the late 1980’s or early 1990’s, Peoples was a “stand alone” natural gas utility company in Western Pennsylvania. It provided natural gas services in the Western Pennsylvania area for well over 100 years. It was one of the three largest natural gas utility companies in Western Pennsylvania until recently. The others were Equitable Gas

Company and Columbia Gas Company. In the late 1980's or the early 1990's, Peoples became a subsidiary of the Consolidated Natural Gas Company, a larger area-wide Eastern United States natural gas provider and transmission company. In the latter part of the 1990's, Consolidated Natural Gas Company sold Peoples Natural Gas Company to Dominion Resources, Inc., which was also a regional provider and transmitter of natural gas all over the Eastern Seaboard of the United States. In the mid-2000's, Dominion Resources sold Peoples to a separate entity which operated Peoples separately but which entity had experience in the natural gas industry. This entity retained all of the experienced Peoples managerial staff to continue operating Peoples. In 2015, Peoples acquired Equitable Gas Company, one of the other three largest natural gas public utilities in Western Pennsylvania. Many of the managerial employees of Equitable, who had significant experience in the natural gas industry, continued their employment with Peoples.

In approximately 2021, Peoples was acquired by Essential Utilities, Inc. ("Essentials"). To the knowledge of the Union, before acquiring Peoples, Essentials was not involved in the natural gas utility industry, its experience being limited to the water and wastewater business. Since acquiring Peoples, while Essentials continued to employ many managerial individuals who had been employed by Peoples and who had significant natural gas industry experience, Essentials operated Peoples on an elevated scale from its headquarters in Bryn Mawr, Pennsylvania, in Eastern Pennsylvania. Since the individuals who began the oversight of Peoples from Eastern Pennsylvania had no or very little experience in the natural gas industry, the Union employees and officers have noticed significant inefficiencies in the operation of Peoples that did not exist before. In the opinion of the Union, these inefficiencies were due to the lack of natural gas experience of the individuals who had ultimate oversight of Peoples' operation and because some of the

individuals who Essentials hired in managerial positions at Peoples did not have experience in the natural gas industry. It also became clear to the Union's employees and officers that many of the managerial individuals hired by Essentials to work at Peoples had no detailed understanding of the collective bargaining agreement between the Union and Peoples and they did not have any detailed understanding of the daily practices and procedures used in the operation of the Peoples' system.

In 2025, a merger agreement was entered into by American Water Works Company, Inc. ("American") and some of its subsidiaries, and Essentials and some of its subsidiaries, including Peoples. The instant proceedings are related to that merger agreement because the parties to that agreement are seeking the approval of the Pennsylvania Public Utility Commission for the change of operation that will occur due to the merger. American is, to the knowledge of the Union, the largest investor-owned public utility operation in the United States. American, to the knowledge of the Union, has no experience in the natural gas industry. Its sole public utility experience is limited to the water and wastewater industry.

The Union has also noticed what appear to be inaccuracies in the information contained in the Merger Agreement. These inaccuracies are as follows:

1. Section 3.11(a) of the Merger Agreement states that since January 1, 2023, no labor organization has attempted to organize employees at Essentials or any of its subsidiaries or has filed a petition with the National Labor Relations Board for such organization. This information is incorrect. On July 5, 2023, the Union filed a Petition For Certification at Docket No. 06-RC-321165 with the National Labor Relations Board, seeking to act as the exclusive collective bargaining representative for the clerical/dispatching employees of Peoples. Per a National Labor Relations Board election, the Union was so certified. On December 12, 2023, the Union filed a Petition For Certification at Docket No.

06-RC-331780 with the National Labor Relations Board, seeking to act as the exclusive collective bargaining representative for the asset survey employees of Peoples. Per a National Labor Relations Board election, the Union was so certified.

2. Section 3.11 (a) of the Merger Agreement states that the Company is not aware of any threatened unfair labor practice. While this representation was no doubt correct when the Merger Agreement was entered into in October of 2025, that representation is presently incorrect. In mid-December of 2025, the Union advised Peoples that the Union had discovered several significant misrepresentations made by Peoples in the negotiation of a collective bargaining agreement relative to Peoples' Asset Survey employees. These misrepresentations, in the opinion of the Union, call into question the manner in which said agreement was negotiated, and, if not soon rectified, will result in the filing of an unfair labor practice charge against Peoples.

3. Section 4.10 (c) of the Merger Agreement states that American has not, since January 1, 2019, sponsored, contributed to or had an obligation to contribute to a defined benefit plan as described in ERISA. The Union believes that this representation is incorrect. There are many people who have retired from various American subsidiaries including Pennsylvania American Water Company who are beneficiaries of an American defined benefit pension plan. There are also individuals currently employed by Pennsylvania American Water Company who are eligible to retire under the terms of an American-sponsored defined benefit pension plan.

4. Section 5.7 (g) states that nothing in Section 5.7 of the Merger Agreement creates any third-party beneficiary rights in any person relative to Peoples or Essentials. The Union points out to the Administrative Law Judge that there are benefit plans created by Peoples as part of the collective bargaining process with the Union that provide for medical benefits for

retired Peoples' employees and their surviving spouses and, in some cases, their surviving children. The Union points out that a violation of the terms of such a plan may afford third party beneficiary rights to an employee, and/or his or her spouse and children in case of a plan violation.

### **ISSUES TO BE PRESENTED BY THE UNION**

The Union is deeply aware of the methodology used by American to operate its business. There are several people working for Peoples now who have worked for the Pennsylvania American Water Company in the recent past, which is an American subsidiary and which provides all or mostly all of American's water service to the public all over Pennsylvania. In addition, the undersigned, who has been the attorney for the Union since 1978, has also been (and still is) the attorney for the labor union representing the Western Pennsylvania unionized employees of Pennsylvania American Water Company since 1977 and the unionized employees of West Virginia American Water Company since approximately 2010. As such, he is able to provide significant information relative to American's operation of its subsidiaries.

American operates water and wastewater utility services all over the United States, from New Jersey and New York to California east to west and from the northern part of the United States to parts of the southern and southwest United States north to south. All of its labor relations and human resources activities are handled on a national or regional basis. American insists on processes, procedures, employee benefits, operational practices and methodologies that it applies nationwide irrespective of unique local conditions. Local managerial employees are generally required to seek approval from regional or national centers to engage in employee relations activities, labor relations and contract negotiation activities and daily service operational activities. Generally speaking, American's operation

of all of its subsidiaries is handled on a national or regional basis, supposedly to provide uniformity of operation of every facet of the business of its subsidiaries irrespective of the location of the subsidiaries. This can be seen from the Affiliated Interest Agreements attached as Exhibit D to Joint Application that is the subject of these proceedings. Those agreements illustrate that American Water Works Service Company, Inc. ("AWW Service") will provide all of the operational services of Peoples, including human resources, labor relations, financial and engineering services. Based upon the experience of the undersigned and of employees of Peoples who have worked for American, the operations of Peoples will be overseen on a detailed basis by individuals who will attempt, per American policy, to operate Peoples on a broader scale and in conformity with standards and procedures more applicable to the water industry than the gas industry. In the Union's opinion, this will result in inefficiencies in the operation of Peoples, especially because Peoples is a natural gas utility and the totality of American's operation is a water utility.

As a result of the above, the Union proposes to present the following issues:

Will the operation of a natural gas utility by a water and wastewater utility with no prior natural gas utility experience be in the public interest?

Will the operation of a natural gas utility located in Western Pennsylvania by a water and wastewater utility which operates on a national and regional basis all over the United States under a set of procedures that are not specifically related to a local area be in the public interest?

Will the operation of a natural gas utility located in Western Pennsylvania by a water and wastewater utility with no experience in the natural gas industry adversely impact the over 900 employees of Peoples to the extent that the public interest is adversely affected?

#### **PROPOSED PLAN AND SCHEDULE OF DISCOVERY**

The Union does not anticipate having to engage in detailed discovery. Some of the items needed for presentation of the Union's case are currently in its possession. Any additional documents or information needed by the Union can be obtained by serving

interrogatories or requests for production of documents, and the information and documents needed are not voluminous. The Union does not anticipate having to take many depositions, if any. The Union is willing to agree to any reasonable discovery schedule proposed by any other party. Subject to the position of other parties to these proceedings, the Union anticipates that its discovery can be completed within four months at the latest.

### **PROPOSED LIST OF WITNESSES**

The Union anticipates calling some or all of the following witnesses:

Nick Shook, president of the Union-he will testify to the manner in which Peoples has been operated from an employee and union officer position during the time of his employment.

Michael Sallach, vice-president of the Union-he will testify to the manner in which Peoples has been operated from an employee and union officer position during the time of his employment.

Louis Berg, vice-president of the Union-he will testify to the manner in which Peoples has been operated from an employee and union officer position during the time of his employment.

Joshua Cascone, secretary of the Union-he will testify to the manner in which Peoples has been operated from an employee and union officer position during the time of his employment with Peoples and how Equitable Gas Company was operated from an employee position.

Jeffrey Melvin, treasurer of the Union-he will testify to the manner in which Peoples has been operated from an employee and union officer position during the time of his employment.

Various current employees who formerly were employed by Pennsylvania American Water Company-they will testify about the difference in the operation of a natural gas utility and a water utility from the position of an employee. They will also testify about the manner in which American administered its operations in comparison to the manner in which Peoples administers its operations.

Various former employees of Pennsylvania American Water Company-they will testify about the manner in which American oversaw the operations of Pennsylvania American Water Company and the manner in which American administered its operations.

**PROPOSED LITIGATION SCHEDULE**

The Union does not anticipate that its participation in any proceedings in this case will consume excessive time. The Union anticipates that it will be able to accommodate to any litigation schedule that may be proposed by any other party.

WHEREFORE the Utility Workers of America, AFL-CIO, Local 612 respectfully requests that the Commission grant its original Petition to Intervene in this proceeding.

Respectfully submitted,



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Dated: January 19, 2026

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**CERTIFICATE OF SERVICE**

I, Samuel J. Pasquarelli, Esq., hereby certify that I have served a true and correct copy of the foregoing Prehearing Conference Memorandum upon the parties listed below in accordance with the requirements of 52 Pa. Code §§ 1.54 (relating to service by a party) by electronic mail to the individuals listed below.

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