

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

Joint Application of American Water Works Company, Inc., Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC and Communities Utilities of Pennsylvania, Inc., for Acquisition and Abandonment

Public Meeting of April 16, 2026
3055551-ALJ
Docket Nos. A-2025-3055551, et al.

STATEMENT OF VICE CHAIR KIMBERLY BARROW

On May 30, 2025, American Water Works Company, Inc. (AWW),¹ Pennsylvania- American Water Company (PAWC),² Nexus Regulated Utilities, LLC (Nexus),³ and Communities Utilities of Pennsylvania, Inc. (CUPA) (collectively, Joint Applicants),⁴ filed a Joint Application requesting Commission approval for the merger and acquisition of CUPA by PAWC. For purposes of the transaction, the water and wastewater facilities of CUPA are valued at approximately \$59.5 million.

Before us for consideration is the Joint Petition for Approval of Unanimous Settlement of All Issues (Settlement) filed on December 23, 2025, by AWW, PAWC, Nexus, CUPA, the Office of Consumer Advocate (OCA), and the Office of Small Business Advocate (OSBA).

As part of the Settlement, the Parties agreed, among other things, that there will be no change in the rates charged to CUPA's customers immediately after closing and rates will not increase for CUPA's customers until the first PAWC base rate case in which the CUPA water and wastewater systems are included.⁵ Moreover, PAWC has indicated that the CUPA systems are not included in its pending base rate case that was filed on November 14, 2025. PAWC has also agreed not to request recovery of an acquisition adjustment under 66 Pa.C.S. § 1327(a) and will record the CUPA water and wastewater systems at their original cost net of accumulated depreciation in future base rate case filing.

¹ AWW owns 100% of the stock of PAWC. AWW is the largest investor-owned water and wastewater utility in the United States. PAWC St. No. 1, pg. 9; PAWC Exhibit MS-2 p. 4.

² PAWC is an investor-owned certificated Pennsylvania public utility. PAWC furnishes water and wastewater services in a service territory encompassing more than 424 communities in 38 counties. As of July 31, 2025, PAWC furnished water service to approximately 694,617 customers and furnished wastewater service to approximately 116,270 customers in Pennsylvania. PAWC St. No. 1, pg. 9-10.

³ Nexus is a holding company that directly owns all of the issued and outstanding stock of CUPA. Nexus is a wholly owned subsidiary of Nexus Water Group, Inc. CUPA St. No. 1, pg. 4.

⁴ CUPA is an investor-owned certificated Pennsylvania public utility. CUPA provides water service to approximately 3,212 water customers across three service territories in Pennsylvania. CUPA provides wastewater service to approximately 3,846 wastewater customers across three service territories in Pennsylvania. CUPA St. No. 1, pg. 3.

⁵ CUPA's most recent rate increase was filed on November 13, 2023. On August 1, 2024, the Commission approved -a rate increase of \$1,227,538 for CUPA's water operations and \$1,447,621 for CUPA's wastewater operations, to become effective on or after August 9, 2024. See, *Pennsylvania Public Utility Commission v. Community Utilities of Pennsylvania, Inc.*, Docket Nos. R-2023-3042804, R-2023-3042805 (Order entered August 1, 2024).

I agree with the Parties that PAWC's commitment not to seek a positive acquisition adjustment "eliminates the risk to ratepayers that PAWC will, in a subsequent base rate case, seek to place the entire purchase price of the systems (approximately \$59.5 million) into rate base."⁶ Notably, PAWC will only place the systems' depreciated original cost (estimated at \$34.2 million) into rate base consistent with 66 Pa.C.S. § 1311(b). I also agree with the OCA's and OSBA's contention that PAWC's commitments to forego rate recovery of any: (1) excess above depreciated original cost of the systems, and (2) goodwill resulting from the transaction, will mitigate the rate impact of the acquisition on PAWC and CUPA customers.⁷

Lastly, as part of the Settlement, PAWC has agreed to conduct an evaluation of a wastewater deduct meter pilot program for CUPA's service territory in Chester County within 12 months of closing of this transaction. This evaluation will include, *inter alia*, the relevant data necessary to complete a full evaluation such as the costs of implementing deduct metering for both PAWC and its wastewater CUPA customers, potential benefits of deduct metering, and the potential harm to customers due to the change in billing determinants from deduct metering. The Settlement notes that the collected data will be available in PAWC's first general rate increase proceeding that includes CUPA's system assets and, in which, the first post-acquisition rates for the CUPA systems will be established.

As you know, I have always encouraged CUPA and other wastewater utilities with deduct meter usage customers to file and obtain Commission approval for a deduct meter tariff.⁸ Therefore, I applaud PAWC's commitment to the deduct meter pilot program and the Parties' agreement to this provision in the Settlement.

April 16, 2026



Kimberly Barrow, Vice Chair

⁶ App. E (PAWC) at 11 (citation omitted); *see* OSBA St. 1 at 4.

⁷ App. G (OCA) at 8; App. H (OSBA) at 3.

⁸ App. E (PAWC) at 18, n.3 (citing *Pfaff v. Community Utils. of Pa. Inc.*, Docket No. C-2025-3053638 (Initial Decision issued Oct. 30, 2025; Final Order entered Dec. 18, 2025)); App. G (OCA) at 16 (citing *Jason Showers v. Community Utils. of Pa. Inc.*, Docket No. F-2025-3052795 (Initial Decision issued Aug. 18, 2025; Final Order entered Oct. 9, 2025)); *Sean Petty v. Community Utils. of Pa. Inc.*, Docket No. C-2024-3052590 (Initial Decision on Remand issued Nov. 24, 2025; Final Order entered Dec. 29, 2025).