

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held September 10, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Application of Pennsylvania-American Water	:	
Company under Sections 1102(a) and 1329 of the	:	
Pennsylvania Public Utility Code, 66 Pa.C.S.	:	
§§ 1102(a) and 1329, for approval of (1) the transfer,	:	
by sale, to Pennsylvania-American Water Company,	:	
of substantially all of the assets, properties and rights	:	
related to the water treatment and distribution system	:	
owned and operated by the Indian Creek Valley	:	
Water Authority, and (2) the rights of Pennsylvania-	:	A-2025-3055741
American Water Company to begin to offer or	:	
furnish water service to the public in all of the	:	
Borough of Ohiopyle and portions of the	:	
Townships of Saltlick, Springfield, Bullskin,	:	
Connellsville and Stewart, Fayette County and	:	
all of the Borough of Donegal and portions of the	:	
Townships of Donegal and Mount Pleasant,	:	
Westmoreland County, Pennsylvania	:	

ORDER

BY THE COMMISSION:

We adopt as our action the Initial Decision of Administrative Law Judge Katrina L. Dunderdale and Administrative Law Judge Ann Quimby dated July 28, 2026;

THEREFORE,

IT IS ORDERED:

1. That the Joint Petition for Approval of Unanimous Settlement of All Issues, submitted by Pennsylvania-American Water Company, the Indian Creek Valley Water Authority and the Office of Consumer Advocate, filed on July 8, 2026, at Docket No. A-2025-3055741, including all terms and conditions, be approved without modification.

2. That the Application filed by Pennsylvania-American Water Company pursuant to Sections 507, 1102, 1103, and 1329 of the Pennsylvania Public Utility Code for Approval of its Acquisition of the water system assets of the Indian Creek Valley Water Authority, filed on November 3, 2025, at Docket No. A-2025-3055741, should be approved, as amended and as further amended by the modifications set forth in the Joint Petition for Approval of Unanimous Settlement of All Issues.

3. That the Commission issue Certificates of Public Convenience, pursuant to Sections 1102(a) and 1103(a) of the Public Utility Code, 66 Pa.C.S. §§ 1102(a) and 1103(a), evidencing Commission approval of the acquisition and transfer, by sale, of substantially all of the assets, properties and rights related to the water system owned by the Indian Creek Valley Water Authority to Pennsylvania-American Water Company; and

the right of Pennsylvania-American Water Company to begin to offer, render, furnish and supply water service to the public in the areas served by the water system owned by the Indian Creek Valley Water Authority.

4. That the Commission permit Pennsylvania-American Water Company to issue compliance tariff supplements, consistent with amended Appendix A-12 filed with the Commission at this docket on January 13, 2026, including all rates, rules and regulations regarding conditions of Pennsylvania-American Water Company's water service, to become effective immediately upon closing.

5. That, in the first base rate case that includes the water system assets: (i) Pennsylvania-American Water Company will propose to gradually move the water system to its cost of service, but to no more than Pennsylvania-American Water Company's Rate Zone 1 system-average water rates; (ii) Pennsylvania-American Water Company may agree to rates other than those proposed for Indian Creek Valley Water Authority customers in the context of a settlement of the base rate case; and (iii) the Office of Consumer Advocate and the Office of Small Business reserve their rights to address Pennsylvania-American Water Company's rate proposals fully, and to make other proposals. The Commission has ultimate ratemaking authority to set just and reasonable rates and, notwithstanding anything to the contrary contained in this Ordering Paragraph, the parties may enter into a settlement of the base rate case, whether full or partial and whether unanimous or non-unanimous, on reasonable terms and conditions.

6. That Pennsylvania-American Water Company will use \$32,800,000 as the ratemaking rate base for the acquired water system.

7. That Pennsylvania-American Water Company may record the acquisition at the net value of assets (i.e., the Commission-approved ratemaking rate base of the acquired assets) consistent with generally accepted accounting principles.

8. That Pennsylvania-American Water Company will not include water system-related investments in its Distribution System Improvement Charge until Pennsylvania-American Water Company collects a Distribution System Improvement Charge from the water system customers. Pennsylvania-American Water Company shall be permitted to collect a Distribution System Improvement Charge from the water system customers upon: (i) Pennsylvania-American Water Company's filing of an amended water Long-Term Infrastructure Improvement Plan which includes the acquired water system which shall not re-prioritize other existing commitments in other service areas; (ii) the Commission's approval of the Amended Long-Term Infrastructure Improvement Plan, as may be modified in the discretion of the Commission; and (iii) Pennsylvania-American Water Company's filing of a compliance tariff supplement which incorporates the acquired water system into Pennsylvania-American Water Company's Distribution System Improvement Charge tariff, including all customer safeguards applicable thereto, after Commission approval of the Amended Long-Term Infrastructure Improvement Plan.

9. That Pennsylvania-American Water Company be permitted to accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the Distribution System Improvement Charge for book and ratemaking purposes, and that Pennsylvania-American Water Company be permitted to defer depreciation related to post-acquisition improvements not recovered through the Distribution System Improvement Charge for book and ratemaking purposes. Any claims for Allowance for Funds Used During Construction and deferred depreciation related to post-acquisition improvements not recovered through the Distribution System Improvement Charge for book and ratemaking purposes will be addressed in

Pennsylvania-American Water Company's first base rate case that includes the acquired water system assets.

10. That, if Pennsylvania-American Water Company and Indian Creek Valley Water Authority decide to close on the acquisition, in accordance with their respective contractual rights and obligations under the Asset Purchase Agreement, the closing will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Application. In the event the closing on the Transaction does not happen, the parties may address the recovery of costs in Pennsylvania-American Water Company's next base rate case.

11. That Pennsylvania-American Water Company shall provide written notification to the Commission's Secretary's Bureau within ten (10) days of the closing with Indian Creek Valley Water Authority.

12. That if Pennsylvania-American Water Company determines that the transaction will not occur, it will promptly file notice of such determination with Commission's Secretary's Bureau and return the Certificates of Public Convenience issued in Ordering Paragraph 3.

13. That Pennsylvania-American Water Company be permitted to claim transaction and closing costs associated with the acquisition of the water system, although the Joint Petitioners reserve their rights to litigate their positions fully in future rate cases when this issue is ripe for review and at which time Pennsylvania-American Water Company will set out and identify all transaction and closing costs associated with this matter.

14. That outside legal fees, if any, included in Pennsylvania-American Water Company's transaction and closing costs under the Asset Purchase Agreement shall

be separately identified in Pennsylvania-American Water Company's next base rate case, and the Office of Consumer Advocate and the Office of Small Business Advocate reserve the right to challenge the reasonableness, prudence and basis for such costs.

15. That any claim by Pennsylvania-American Water Company to recover transaction and closing costs associated with the acquisition of the water system will not include costs incurred by Indian Creek Valley Water Authority.

16. That the Commission, pursuant to 66 Pa.C.S. § 507, approve the Asset Purchase Agreement between Pennsylvania-American Water Company and the Indian Creek Valley Water Authority and issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner, including certificates of filing for the following agreements:

- a. The Asset Purchase Agreement dated May 30, 2025, by and between the Indian Creek Valley Water Authority and Pennsylvania-American Water Company (submitted as Appendix A-24-a);
- b. The First Amendment to Asset Purchase Agreement, dated December 3, 2025, by and between the Indian Creek Valley Water Authority and Pennsylvania-American Water Company (submitted as Amended Appendix A-24-a);
- c. The Agreement for Water Service by and between Indian Creek Valley Water Authority and Township of Donegal, Westmoreland County, Pennsylvania, dated April 13, 1995 (submitted as Appendix A-25.1);
- d. The Agreement for Water Service by and between Indian Creek Valley Water Authority and Township of Mount Pleasant, Westmoreland County, Pennsylvania, dated April 17, 1995 (submitted as Appendix A-25.2);

- e. The Agreement for Water Service by and between Indian Creek Valley Water Authority and Borough of Donegal, Westmoreland County, Pennsylvania, dated May 2, 1995 (submitted as Appendix A-25.3);
- f. The Interconnect Agreement between Pleasant Valley Water Authority and Indian Creek Valley Water Authority Re: Clinton Road, Saltlick Township/Bullskin Township and Quail Hill, Saltlick Township, Fayette County, dated September 28, 1998 (submitted as Appendix A-25.4);
- g. The Agreement for Water Service by and between Indian Creek Valley Water Authority and Township of Stewart, Fayette County, Pennsylvania, dated August 15, 2002 (submitted as Appendix A-25.5);
- h. The Services Agreement for ICVWA to act as billing and collection agent and provide water termination service by and between Indian Creek Valley Water Authority and the Borough of Ohiopyle, dated December 5, 2013 (submitted as Appendix A-25.7); and
- i. The Agreement for lease of land and granting rights and privileges by and between the Municipal Authority of Westmoreland County and Indian Creek Valley Water Authority, dated July 16, 2024 (submitted as Appendix A-25.8).

17. That Pennsylvania-American Water Company be permitted to file with the Commission at this docket a compliance tariff supplement, consistent with this Recommendation and the Joint Petition for Approval of Unanimous Settlement of All Issues, including all rates, rules and regulations regarding conditions of the water service to be provided by Pennsylvania-American Water Company, as revised by the Joint Petition for Approval of Unanimous Settlement of All Issues submitted by Pennsylvania-American Water Company, the Indian Creek Valley Water Authority and the Office of Consumer Advocate filed at this docket and to become effective immediately upon closing and on one day's notice.

18. That if Pennsylvania-American Water Company and the Indian Creek Valley Water Authority decide to close on the Transaction in accordance with their respective contractual rights and obligations under the Asset Purchase Agreement, the closing of the Transaction will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Application.

19. That in the first base rate case that includes Indian Creek Valley Water Authority system assets, Pennsylvania-American Water Company will file a cost-of-service study that removes all costs and revenues associated with the operation of the Indian Creek Valley Water Authority system.

20. That in the first base rate case that includes the Indian Creek Valley Water Authority system assets, Pennsylvania-American Water Company will also provide a separate cost-of-service study for the Indian Creek Valley Water Authority system.

21. That immediately after closing, Indian Creek Valley Water Authority customers will become eligible for all Pennsylvania-American Water Company payment options and customer programs.

22. That with the first billing cycle following closing, Pennsylvania-American Water Company shall include a bill insert to System customers regarding its low-income programs and shall include such information in a welcome letter to System customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low-income programs, eligibility requirements for participation in the programs, and contact information for Pennsylvania-American Water Company, the Office of Consumer Advocate and the Office of Small Business Advocate. Pennsylvania-American Water Company will also conduct ongoing, targeted outreach to its Indian Creek Valley Water Authority area water customers regarding its low-income programs.

23. That the welcome letter will be sent within the first 30 days of Closing and will also include information about payment options (including low-income programs, eligibility requirements, Pennsylvania-American Water Company contact information), and in-person bill payment locations reasonably proximate to the areas served by the System. The welcome letter shall acknowledge that Indian Creek Valley Water Authority customer rates will not be increasing at this time. The welcome letter shall also include notice language referring customers to Pennsylvania-American Water Company's website (including the link) where a customer can find the rate impact range. Unless Pennsylvania-American Water Company and the Office of Consumer Advocate agree to work together on a different timeline, within 15 days of a final order in this proceeding, Pennsylvania-American Water Company will provide the Office of Consumer Advocate with a copy of the draft welcome letter; the Office of Consumer Advocate will provide any suggestions to Pennsylvania-American Water Company within 10 days of receipt; and Pennsylvania-American Water Company, in good faith, will consider incorporation of the Office of Consumer Advocate's suggestions.

24. That every six months for a period of two years following Closing, Pennsylvania-American Water Company will track the number of Indian Creek Valley Water Authority's customers that are (1) potentially eligible to enroll in Pennsylvania-American Water Company's Customer Assistance Program; and (2) who are enrolled in Pennsylvania-American Water Company's Customer Assistance Program. Pennsylvania-American Water Company will provide and present this information on a timely basis to the regularly held meetings of Pennsylvania-American Water Company's Customer Assistance Advisory Group. Pennsylvania-American Water Company will also present this information, as available at the time, in its first base rate case in which the Indian Creek Valley Water Authority System is included. The information will be in a format showing the potential eligibility and enrollment data broken down by six-month increments starting from the time of closing through and until the time of filing the rate case. Potential eligibility will be based on U.S. Census data.

25. That Pennsylvania-American Water Company, pursuant to its voluntary settlement commitment, contribute \$20,000 annually to its Hardship Fund for five years following the close of the Transaction.

26. That, within 15 months of the transaction closing, Pennsylvania-American Water Company shall file with the Commission's Secretary's Bureau at Docket No. A-2025-3055741 a copy of the final version of feasibility study regarding the extension of new water mains in the Indian Creek Valley Water Authority service territory. At least three months prior to the submission of the study, Pennsylvania-American Water Company shall provide a draft study to the Saltlick and Springfield Township Supervisors, the Office of Consumer Advocate, the Office of Small Business Advocate, and other stakeholders. In addition, Pennsylvania-American Water Company shall host a collaborative stakeholder meeting to solicit comments on the draft study, including comments regarding households, businesses and other areas of concern that may benefit from receiving public water. Pennsylvania-American Water Company will also employ best efforts to commit to working with Saltlick and Springfield township supervisors to coordinate their funding portions of the water main extensions including contributions in aid of construction. The study will outline the feasibility, estimated costs, projected timeframes for main extension construction, and the need for water main extensions. The study will also identify potential opportunities through which Pennsylvania-American Water Company could extend access to public water in the Indian Creek Valley Water Authority service territory during the five-year period following the submission of the study to the Commission.

27. That, at the time of filing its next base rate case following the completion of the feasibility study, Pennsylvania-American Water Company shall, specifically referencing Docket No. A-2025-3055741 and the final version of the feasibility study, provide testimony regarding any water main extensions planned or completed in the Indian Creek Valley Water Authority service territory to include the projected or final costs

for each main extension along with the details of any contributions in aid of construction provided from either Saltlick and Springfield Townships and the number of customers served by the main extension.

28. That Pennsylvania-American Water Authority will survey the Indian Creek Valley Water Authority service territory and provide an assessment on whether there are public health needs that would make certain main extensions eligible under its Tariff section 27.1(f) within one year of the transaction closing. Pennsylvania-American Water Company shall provide the survey results to all parties in this proceeding, the Commission, and party stakeholders no later than the date on which the draft study in Ordering Paragraph 26 is provided to stakeholders.

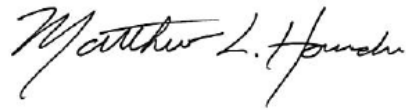
29. That pursuant to the Asset Purchase Agreement, Indian Creek Valley Water Authority is: to use commercially reasonable efforts to obtain all easements prior to closing, so that they may be transferred to Pennsylvania-American Water Company at closing; to commence condemnation proceedings to obtain all missing easements that it can, prior to closing; and, pursuant to the creation of the Missing Easement Escrow (funded in the amount of \$2,000 per missing easement) in the Asset Purchase Agreement for the purpose of securing Indian Creek Valley Water Authority's obligations concerning easements that were not obtained as of closing, Indian Creek Valley Water Authority is required to diligently pursue the missing easements for two years after closing.

30. That, after two years beyond closing, the portion of the Missing Easement Escrow Fund that compensates Indian Creek Valley Water Authority for the missing easements obtained after closing is to be released to Indian Creek Valley Water Authority, with the balance being released to Pennsylvania-American Water Company to compensate it for the missing easements not obtained after closing.

31. That the Commission issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner.

32. That Docket No. A-2025-3055741 be marked as satisfied and closed, consistent with the Joint Petition for Approval of Unanimous Settlement of All Issues.

BY THE COMMISSION,

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive, flowing style.

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: September 10, 2026

ORDER ENTERED: September 10, 2026