



**Matthew S. Olesh**

Direct Dial: 215.665.3043  
Matthew.Olesh@obermayer.com

**Obermayer Rebmann Maxwell & Hippel LLP**

1500 Market Street, Suite 3400  
Philadelphia, PA 19107  
P: 215.665.3000  
F: 215.665.3165

September 22, 2026

**Via Electronic Mail**

Administrative Law Judge Emily I. DeVoe  
Administrative Law Judge Ann Quimby  
Pennsylvania Public Utility Commission  
Office of Administrative Law Judge  
Piatt Place - 301 Fifth Avenue, Suite 220  
Pittsburgh, PA 15222  
[edevoe@pa.gov](mailto:edevoe@pa.gov)  
[aquimby@pa.gov](mailto:aquimby@pa.gov)

**Re:** 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

**Docket Nos.** A-2025-3058927, A-2025-3058928, A-2025-3058929

Your Honors:

Enclosed please find the following prepared Main Brief of Municipal Intervenors the County of Delaware, County of Montgomery, and East Whiteland Township.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Respectfully yours,

Matthew S. Olesh, Esquire

**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  
A-2025-3058928  
A-2025-3058929

**CERTIFICATE OF SERVICE**

I, Matthew Olesh, Esq., hereby certify that I have served a true and correct copy of the foregoing Main Brief of the County of Delaware, County of Montgomery, and East Whiteland Township, upon all parties to this proceeding in accordance with the requirements of 52 Pa. Code §§ 1.54 (relating to service by a party) via electronic mail.

Dated: September 22, 2026

/s/ Matthew Olesh  
Matthew Olesh, Esquire

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

The Honorable Emily I. DeVoe and Ann Quimby, Presiding

---

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 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<br>A-2025-3058928<br>A-2025-3058929 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|

**PRINCIPAL BRIEF OF THE COUNTY OF DELAWARE, THE COUNTY OF  
MONTGOMERY, AND EAST WHITELAND TOWNSHIP IN OPPOSITION TO THE  
JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT**

Matthew S. Olesh, Esquire (PA I.D. 206553)  
Thomas Wyatt, Esquire (PA I.D. 89342)  
James Pringle, Esquire (PA I.D. 331236)  
OBERMAYER REBMANN  
MAXWELL & HIPPEL LLP  
Centre Square West  
1500 Market Street, Suite 3400  
Philadelphia, PA 19102

Dated: September 22, 2026

## TABLE OF CONTENTS

|             |                                                                                                                                                                                                          |           |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>I.</b>   | <b>INTRODUCTION AND PROCEDURAL HISTORY .....</b>                                                                                                                                                         | <b>1</b>  |
| <b>A.</b>   | <b>Introduction.....</b>                                                                                                                                                                                 | <b>1</b>  |
| <b>B.</b>   | <b>Procedural History.....</b>                                                                                                                                                                           | <b>2</b>  |
| <b>II.</b>  | <b>NON-UNANIMOUS SETTLEMENT.....</b>                                                                                                                                                                     | <b>3</b>  |
| <b>A.</b>   | <b>The Settlement Was Not Unanimous. ....</b>                                                                                                                                                            | <b>3</b>  |
| <b>B.</b>   | <b>The Parties Did Not Have A Sufficient Opportunity to Address the<br/>Settlement Terms in Discovery.....</b>                                                                                           | <b>4</b>  |
| <b>III.</b> | <b>LEGAL STANDARDS .....</b>                                                                                                                                                                             | <b>5</b>  |
| <b>A.</b>   | <b>Burden of Proof.....</b>                                                                                                                                                                              | <b>5</b>  |
| <b>B.</b>   | <b>Sections 1102 &amp; 1103 .....</b>                                                                                                                                                                    | <b>6</b>  |
| <b>C.</b>   | <b>Section 2210 .....</b>                                                                                                                                                                                | <b>7</b>  |
| <b>D.</b>   | <b>Section 2102(b) .....</b>                                                                                                                                                                             | <b>7</b>  |
| <b>E.</b>   | <b>Settlements.....</b>                                                                                                                                                                                  | <b>8</b>  |
| <b>IV.</b>  | <b>SUMMARY OF ARGUMENT.....</b>                                                                                                                                                                          | <b>8</b>  |
| <b>V.</b>   | <b>ARGUMENT.....</b>                                                                                                                                                                                     | <b>9</b>  |
| <b>A.</b>   | <b>Overall Position on the Transaction and Settlement.....</b>                                                                                                                                           | <b>9</b>  |
| <b>1.</b>   | <b>The Proposed Transaction and Settlement Should Be Rejected. ....</b>                                                                                                                                  | <b>9</b>  |
| <b>2.</b>   | <b>The Record Developed In Discovery Reveals the Complete Lack of<br/>Benefit in the Proposed Transaction as Originally Presented. ....</b>                                                              | <b>11</b> |
| <b>3.</b>   | <b>The Proposed Transaction and Settlement Will Harm Municipalities<br/>and Their Residents Because It Eliminates Competition for the<br/>Acquisition of Municipal Water and Wastewater Systems.....</b> | <b>13</b> |
| <b>4.</b>   | <b>The Settlement Does Not Cure the Material Defects Identified By<br/>Delaware County and East Whiteland With Respect to their<br/>Transactions With Aqua. ....</b>                                     | <b>15</b> |
| <b>5.</b>   | <b>The Settlement Ignores Outstanding Issues Pertaining to DELCORA<br/>.....</b>                                                                                                                         | <b>16</b> |
| <b>6.</b>   | <b>The Statements in Support of the Settlement Only Highlight Its Fatal<br/>Deficiencies .....</b>                                                                                                       | <b>17</b> |
| <b>B.</b>   | <b>Conditions Requested by the Parties Opposing the Settlement .....</b>                                                                                                                                 | <b>21</b> |
| <b>C.</b>   | <b>Impact on Pennsylvania's Competitive Retail Gas Market and Peoples<br/>Employees .....</b>                                                                                                            | <b>21</b> |
| <b>D.</b>   | <b>Affiliated Interest Transactions.....</b>                                                                                                                                                             | <b>22</b> |
| <b>VI.</b>  | <b>CONCLUSION .....</b>                                                                                                                                                                                  | <b>22</b> |

Intervenors the County of Delaware (“Delaware County”), the County of Montgomery (“Montgomery County”) and East Whiteland Township (“East Whiteland”) (collectively, the “Objecting Municipal Intervenors”) respectfully submit this brief in opposition to the Joint Petition for Approval of Non-Unanimous Settlement (the “Settlement” or “Joint Petition”) filed on September 15, 2026, by American Water Works Company, Inc. (“American Water”), Essential Utilities, Inc., f/k/a Aqua America, Inc. (“Essential”), Aqua Pennsylvania, Inc. (“Aqua PA”), Aqua Pennsylvania Wastewater, Inc. (“Aqua PA Wastewater”), Peoples Natural Gas Company LLC (“Peoples”), and Alpha Merger Sub, Inc. (collectively, the “Joint Applicants”), along with the Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (collectively, the “Joint Petitioners”).

## **I. INTRODUCTION AND PROCEDURAL HISTORY**

### **A. Introduction**

This proceeding was initiated on November 26, 2025, when the Joint Applicants filed the Joint Application seeking approval, pursuant to Sections 1102(a)(3) and 2210(c) of the Public Utility Code, and all other necessary approvals, to effectuate a change of control of Aqua PA, Aqua PA Wastewater, and Peoples (the “Proposed Transaction” or “Merger”). The Merger is designed to enrich the Joint Applicants and their shareholders to the detriment of their ratepayers. The Merger will eliminate competition in the water and wastewater industries and result in higher rates across the board. The Joint Applicants submitted the Merger with no actual evidence of any tangible public benefit, instead asking the Pennsylvania Public Utility Commission (“PUC” or “Commission”) to essentially grant approval based on little more than speculation, conjecture, and blind faith.

Recognizing this, the Joint Applicants joined forces with the statutory advocates in an effort to put lipstick on a pig through the submission of a non-unanimous settlement that they

desperately hope will appear beneficial enough to pass muster. The PUC should not be deceived by this tactic. The transaction in question, modified by the instant proposed settlement, remains insufficient as a matter of law because the “benefits” it touts are illusory, presenting the appearance of something that satisfies the legal requirements for approval without actually doing so.

Consequently, the Objecting Municipal Intervenors respectfully submit this brief in opposition to the Proposed Transaction as modified by the Settlement, and respectfully request that the PUC deny the Joint Petition and reject the Proposed Transaction in its entirety.<sup>1</sup>

## **B. Procedural History**

On November 26, 2025, the Joint Applicants filed applications to obtain Commission approval under Chapters 11 and 22 of the Public Utility Code of the Merger. The Joint Applicants also requested that the Commission approve, under Chapter 21 of Code, certain new affiliated interest agreements to facilitate the sharing of resources and best practices created by the Merger between American Water and Essential.

I&E and OSBA filed notices of appearance. OCA and the Coalition for Affordable Utility Services Energy Efficiency in Pennsylvania (“CAUSE-PA”), the Chester Water Authority (“CWA”), and Upland Borough, Delaware County, filed protests.

The County of Delaware; The County of Montgomery; East Whiteland Township, Chester County; Manchester Township, York County; Spring Garden Township, York County; West Manchester Township, York County; York Township, York County; City of Butler, Butler County; and North York Borough, York County (collectively, the “Municipal Intervenors”); and

---

<sup>1</sup> The Objecting Municipal Intervenors respectfully incorporate by reference the direct testimony of Steven C. Brown on behalf of East Whiteland, the direct and surrebuttal testimony of Christine A. Reuther on behalf of Delaware County, and the direct and surrebuttal testimony of Devi Ramkissoon on behalf of Montgomery County, all of which were submitted and introduced as evidence in this proceeding.

East Norriton Township; the Township of Lower Makefield, Bucks County; and the Utility Workers Union of America, AFL-CIO, Local 612 filed petitions to intervene.

A Prehearing Conference was held on January 22, 2026, with Administrative Law Judge Mary Long, presiding. The parties discussed a litigation schedule and other procedural matters. On January 26, 2026, ALJ Long issued a Prehearing Order that memorialized the matters decided and agreed upon by the Parties attending the Prehearing conference. The litigation schedule agreed to and approved by ALJ Long required, *inter alia*, written rebuttal testimony to be served by June 25, 2026; written surrebuttal testimony to be submitted by July 23, 2026; written rejoinder outlines to be submitted by July 29, 2026; and evidentiary hearings to be held on August 4-6, 2026.

On February 5, 2026, a notice of change of judicial assignment was issued, indicating the Presiding ALJ had been changed from ALJ Mary Long to ALJs Emily I. DeVoe and Ann Quimby.

After the submission of written testimony by the parties, an evidentiary hearing was held on August 4, 2026 whereat Joint Applicant witnesses Cheryl Norton, David Bowler and Colleen Arnold were cross-examined by counsel for other parties, and the written testimony and exhibits of all parties that appeared at the evidentiary hearing were admitted into evidence.

On or about August 28, 2026, the Joint Applicants notified ALJs Emily I. DeVoe and Ann Quimby that they had reached a non-unanimous settlement agreement with I&E, the OCA, and the OSBA. The Joint Petitioner submitted their Joint Petition for approval on September 15, 2026.

## **II. NON-UNANIMOUS SETTLEMENT**

### **A. The Settlement Was Not Unanimous.**

The Settlement purports to resolve the issues raised by the various parties who opposed the settlement through a package of commitments offered by the Joint Applicants including, among other things, a one-time bill credit to residential customers, vague commitments regarding quality of service, affiliated interest and cost-allocation protocols, and commitments regarding the

treatment of certain transaction and transition costs in future ratemaking proceedings. It is between only the Joint Applicants and various statutory advocates – I&E, OCA, and OSBA (together, the “Statutory Advocates”) – and it is also joined by Manchester Township, Spring Garden Township, West Manchester Township, York Township, and North York Borough.

As reflected in the Joint Petition, East Whiteland, Delaware County and Montgomery County affirmatively oppose the Settlement because, based on the record developed in this proceeding, the Settlement does not adequately address the concerns raised in the testimony submitted by the parties – including, in many instances, the Statutory Advocates themselves – and should not be approved.

Because the Settlement is not unanimous, it is not entitled to any presumption of reasonableness that otherwise might apply, and the Commission must independently evaluate the full evidentiary record, including the testimony of the Objecting Municipal Intervenors, in determining whether the Proposed Transaction, as modified by the Settlement, satisfies the Joint Applicants’ burden of proof.

**B. The Parties Did Not Have A Sufficient Opportunity to Address the Settlement Terms in Discovery.**

As a threshold matter, the Objecting Municipal Intervenors respectfully submit that if the Settlement is not rejected outright, then the record in this proceeding should be reopened to allow the parties a full and fair opportunity to engage in discovery and submit record evidence as to its terms. Discovery in this matter was conducted entirely before the final terms of the settlement were agreed upon by the parties to the Settlement, and the record that has been developed was specifically directed toward the original transaction proposed by the Joint Applicants. The parties to this proceeding who are not parties to the Settlement have not had any meaningful opportunity to conduct discovery and submit testimony with respect to the Settlement’s terms.

To that end, the Objecting Municipal Intervenors respectfully submit that if the Settlement is not rejected outright, consideration of whether it should be approved is premature, and approving it would constitute a violation of the due process rights of the parties who are not party to the settlement. *See Duquesne Light Co. v. Pa. Public Util. Comm’n*, 507 A.2d 433, 437 (Pa. Commw. 1986) (“We hold that the Commission violated due process when it assessed liability by determining an issue which [a party] had not been afforded a reasonable opportunity to address at the evidentiary hearings.”); *Sunoco Pipeline, L.P. v. PUC*, 295 A.3d 37, 52 (Pa. Commw. 2023) (“raising issues *sua sponte* after the record is closed and without notice to the parties constitutes a due process violation.”).

The non-parties to the Settlement did not have any meaningful opportunity to undertake an investigation and discovery as to how its terms might be implemented in practice such that they could offset the very real harms that will result from the Proposed Transaction – most notably, the undeniable increase in rates and loss of competition that will result. Particularly with respect to a transaction of the magnitude and significance as the one currently before the Commission, it is of paramount importance that the parties have a full and fair opportunity to develop a record as to the specific terms for which approval is sought.

### **III. LEGAL STANDARDS**

#### **A. Burden of Proof**

As the parties seeking approval of the Proposed Transaction, the Joint Applicants bore the burden of proof throughout this proceeding, including with respect to the Settlement. This burden does not shift merely because certain parties have elected to settle. Where, as here, other parties of record continue to actively litigate their objections, the Joint Applicants must still affirmatively demonstrate, by a preponderance of the evidence, that the Proposed Transaction satisfies each applicable statutory standard. *See Transource Pa., LLC v. Pa. PUC*, 278 A.3d 942, 955 (Pa.

Commw. 2022); *see generally Culbertson v. Pa. PUC*, 328 A.3d 110 (Pa. Commw. 2024) (rate case involving a partial and a non-unanimous settlement where court maintained burden upon applicants despite existence of settlements).

## **B. Sections 1102 & 1103**

Sections 1102 and 1103 of the Public Utility Code require the Joint Applicants, as proponents of the Proposed Transaction, to demonstrate more than the mere absence of any adverse effect upon the public. The Proposed Transaction, as modified by the Settlement, must affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way. This “affirmative public benefits test” requires a showing that the benefits of the transaction outweigh its adverse impacts when all affected parties, not merely a subset of ratepayers or geographic subdivisions, are considered.

Section 1102(a)(3) provides that “[u]pon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained,” it is lawful “[f]or any public utility or an affiliated interest of a public utility to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.” 66 Pa.C.S. § 1102. Under Section 1103, “[a] certificate of public convenience shall be granted by order of the commission, only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a).

In applying this statutory framework, the Pennsylvania Supreme Court has held that “a utility merger **is not to be approved unless the Commission is able to find that the merger will affirmatively benefit the public.**” *City of York v. Pennsylvania Public Utility Com.*, 295 A.2d

825, 828 (Pa. 1972) (emphasis added). The Court explained that “Section 203 requires that the proponents of a merger demonstrate that the merger will affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” City of York at 828 (internal quotation omitted). Further, “those seeking the merger [are] required to demonstrate more than the mere absence of any adverse effect upon the public.” ARIPPA v. PUC, 792 A.2d 636, 655 (Pa. Commw. 2002).

In assessing whether this standard is met, the Commission may consider the legal and technical fitness of the purchasing entity, the public need for service, the inadequacy of existing service, and any other relevant evidence. Speculative, generic, or unquantified assertions of anticipated efficiencies or synergies are insufficient to carry this burden, and the Commission is not required to accept a settlement's own characterization of a term as an affirmative public benefit where the underlying record does not support that characterization.

**C. Section 2210**

Section 2210 governs merger applications involving a natural gas distribution company, and requires Commission approval for the transfer of the requisite certificates of public convenience and imposes related public interest considerations. These specifically include consideration of the impact of the Proposed Transaction on the competitive structure of the affected markets and on the affected utilities' workforce. *See* 66 Pa.C.S. § 2210(a).

**D. Section 2102(b)**

Section 2102(b) governs Commission review and approval of affiliated interest agreements and transactions, requiring the Commission to find that any such arrangements will not be detrimental to the public interest. 66 Pa.C.S. § 2102(b) (“The commission shall approve such contract or arrangement . . . only if it shall clearly appear and be established upon investigation that it is reasonable and consistent with the public interest.”).

## **E. Settlements**

The Commission reviews settlements, whether unanimous or non-unanimous, under the substantial evidence standard applicable to contested proceedings. *See* 2 Pa.C.S. § 704; *see also Povacz v. State PUC*, 280 A.3d 975, 1007 (Pa. 2022) (“The decision of the Commission must be supported by substantial evidence.”). Here, the Commission is charged with evaluating whether the Settlement, taken as a whole, is in the public interest. A non-unanimous settlement carries no presumption of reasonableness, and the Commission must weigh the settlement against the full record, including the testimony and arguments of parties who did not join it.

## **IV. SUMMARY OF ARGUMENT**

The Settlement should be rejected (or if not rejected, the record should be reopened as addressed above). The Joint Applicants have not met their burden to demonstrate that the Proposed Transaction will produce substantial, affirmative, and quantifiable public benefits sufficient to justify approval under Sections 1102, 1103, 2210, and 2102(b) of the Public Utility Code. They did not meet this burden when the Proposed Transaction was initially submitted for approval, and the Settlement does not cure these deficiencies.

The purported benefits offered in the Settlement are illusory, designed to provide the appearance of a benefit without actually providing any of true substance, and do not offset the demonstrated risks of higher future rates, diminished competition, workforce reductions, and unresolved integration uncertainty. The inclusion of a one-time bill credit of \$40 is most indicative of this. While in the aggregate, it provides the appearance of a significant sum of money being credited by the Joint Applicants, in reality a credit of this amount does very little in practical terms to offset the certain rate increases that will be faced by ratepayers going forward, which will almost certainly exceed this amount the first time rates go up.

The Settlement also fails to address many of the very real concerns that have been raised in the various parties' testimony in this proceeding – including in many instances in the testimony of the Statutory Advocates themselves. For example, privatization transactions where a municipality or other public body might look to sell its water or wastewater system have, in the past, been subject to competitive bids primarily from two entities – American Water and Essential. In their testimony and at the hearing of this matter, the OCA itself developed record evidence establishing this to be the case. However, the Settlement fails to address the fact that by these entities combining, competition in these transactions will be eliminated, causing a tangible harm to municipalities who wish to exit the water and/or wastewater businesses.

The Proposed Transaction and Settlement also result in real, tangible harm to parties such as Delaware County and East Whiteland, who undertook transactions with Aqua PA without any knowledge or anticipation that it would be subject to a material change in control. It is unjust, improper and violative of the law to impose such a material change upon such parties, not only without their consent, but over their express objections.

The Objecting Municipal Intervenors accordingly request that the Commission reject the Settlement or, alternatively, reopen the record to allow for a full, proper vetting of these issues in the context of the Settlement's terms.

## **V. ARGUMENT**

### **A. Overall Position on the Transaction and Settlement**

#### **1. The Proposed Transaction and Settlement Should Be Rejected.**

The record developed in this proceeding, including the direct and surrebuttal testimony of the Objecting Municipal Intervenors, establishes that the Joint Applicants have failed to identify, quantify, or substantiate any concrete public benefit that would result from the Proposed Transaction. As East Whiteland Township Manager Steven Brown testified, “the discovery

materials produced by the Joint Applicants provide no details as to potential benefits of the Proposed Transaction,” and while the Joint Applicants “have generally asserted that the Proposed Transaction will result in efficiencies and other benefits, they have not detailed what those are and how the residents of East Whiteland (and/or the citizens of Pennsylvania more generally) will be better off if the Proposed Transaction is approved and closes.” See East Whiteland Direct Testimony, p. 4, lines 17-22. Devi Ramkissoo, Montgomery County’s Chief Sustainability Officer, offered the same assessment on behalf of Montgomery County. See Montgomery County Direct Testimony, p. 4.

The Settlement does not remedy this fundamental deficiency, instead simply repackaging the same unquantified assertions of anticipated efficiencies into a negligible bill credit and an illusory rate “stayout” period that will result in rate shock when it expires (if it even applies in some meaningful way given that much of its protections will likely expire before the Merger even closes and/or integration begins). As Montgomery County’s surrebuttal testimony explains, a proposed benefit that amounts to nothing more than a “solution” to a problem that would not exist but for the Merger itself is not a benefit at all: “The Joint Applicants cannot create problems and then offer solutions to those problems as some sort of overall benefit when the problems are not actually problems in the first place.” See Montgomery County Sur-Rebuttal Testimony, p. 3. The same logic applies with equal force to the Settlement’s bill credit, which does nothing more than partially offset the very transaction and integration costs and risks that the Proposed Transaction itself creates.

Critically, whatever aggregate value the Joint Applicants may ascribe to the Settlement’s bill credit in their filings, that headline figure obscures the credit’s true significance to any individual ratepayer. A one-time credit in the range of \$40 per customer, however large it may appear when multiplied across the full scope of recipients, provides negligible, non-recurring relief

to any single household or business, particularly when weighed against the likelihood of sustained future rate increases attributable to acquisition premiums, transaction costs, and integration expenses that the Joint Applicants have not ruled out recovering in future base rate proceedings. A benefit that is immaterial at the level of the individual ratepayer cannot satisfy the substantial affirmative public benefit standard that Sections 1102 and 1103 require the Commission to apply.

Moreover, the Joint Applicants *still* have not provided any details of their post-closing integration plans. As Montgomery County's surrebuttal testimony states, "I fail to comprehend how the Joint Applicants can claim that the integration of their merged companies will result in benefits but also state that they have no plan as to what that integration will entail. If the details of the parties' integration is not yet determined, then the instant application should be denied with a direction to resubmit it when actual information about concrete benefits resulting from a detailed plan of integration is available." *See* Montgomery County Sur-Rebuttal Testimony, p. 3, lines 17-22. The Settlement does not address, let alone resolve, this evidentiary chasm. Instead, it still asks the Commission to approve a transaction, and now a settlement of that transaction, based on the same undeveloped and unsubstantiated assurances identified by the Objecting Municipal Intervenors (as well as the Statutory Advocates themselves) as inadequate from the outset.

**2. The Record Developed In Discovery Reveals the Complete Lack of Benefit in the Proposed Transaction as Originally Presented.**

It is of critical importance that the Commission consider the fact that the Proposed Transaction, from the outset, was entirely lacking in any benefit whatsoever, as reflected in the record developed by the parties to this proceeding (prior to having any knowledge of the Settlement terms):

- When asked in discovery whether the Joint Applicants have projected or had projected on their behalf any potential synergies resulting from the proposed Merger, American Water

stated “American Water has not projected potential synergies resulting from the Merger.”  
*See* Joint Applicants’ Responses to OCA-JA-I-14, attached as Exhibit A;

- When asked to provide all estimates of synergy savings by year, the Joint Applicants responded that they “have only recently started having integration discussions and therefore have not yet established estimates for synergy savings or costs to achieve.” *See* Joint Applicants’ Responses to OCA-JA-I-13, attached as Exhibit B;
- When asked to identify, quantify and explain all efficiencies that have been identified to date that are expected to be enabled by the proposed transaction,” American Water responded: “The Joint Applicants have only recently started having integration discussions and therefore, the Joint Applicants have not quantified any efficiencies at this point or determined the time period over which they may be achieved.” *See* Joint Applicants’ Responses to OCA-JA-I-62, attached as Exhibit C. When pressed further on the magnitude of these efficiencies, Joint Applicants stated: “The Joint Applicants are confident that the Merger will result in efficiencies as described above and otherwise. However, as indicated in subpart a., the Joint Applicants do not yet know the magnitude or impact of those efficiencies.” *Id.*;
- When asked to provide all analyses establishing that the proposed acquisition would result in no harm to existing customers and all benefit-cost analyses establishing that the transaction would produce net benefits, American Water stated, “American Water has not conducted or had conducted for it the requested analyses.” *See* AW Response to OCA-JA-I-10, attached as Exhibit D;
- When asked whether they intend to consolidate existing Pennsylvania utility operations and sought projected cost savings, the Joint Applicants stated, “The Joint Applicants have not made a determination regarding the consolidation of any existing Pennsylvania utility

operations at this time and consolidation is not part of the transaction for which the Joint Applicants seek approval in this proceeding." *See* OCA-JA-I-16, attached as Exhibit E. Regarding administrative function consolidation, the Joint Applicants acknowledged that "no integration plans regarding administrative functions have yet been developed." *See* AW Response to OCA-JA-I-17, attached as Exhibit F;

- When asked to provide any analyses or studies used to evaluate best utility practices in connection with the transaction, American Water stated, "American Water does not have and did not rely upon the requested analyses or studies." *See* AW Response to OCA-JA-I-54. Essential likewise confirmed that "[s]tudies were not conducted regarding the best practices of the Joint Applicants." *See* EU Response to OCA-JA-I-54, attached as Exhibit G; and
- When asked how the Joint Applicants would track or quantify productivity gains from best practices after the transaction, American Water replied only that it "expects to identify best practices of both utilities beginning with the integration process" but that "the requested information is not available at this time." *See* AW Response to OCA-JA-I-2, attached as Exhibit H.

The Settlement fails to overcome these baseline deficiencies.

### **3. The Proposed Transaction and Settlement Will Harm Municipalities and Their Residents Because It Eliminates Competition for the Acquisition of Municipal Water and Wastewater Systems.**

The Settlement should also be rejected because it does not address the fact that the Proposed Transaction eliminates competition in the market for privatization of public water and wastewater systems to the detriment of municipalities and ratepayers across the Commonwealth. As East Whiteland's testimony explains, the Proposed Transaction "will essentially create a monopoly on the private provision of water and wastewater services in Pennsylvania, as the two

largest service providers will become one,” eliminating the competitive bidding dynamic that East Whiteland itself relied upon when it agreed to sell its wastewater system to Aqua PA. *See* East Whiteland Direct Testimony, p. 5, lines 17-19. The testimony makes this point clear: “East Whiteland chose to do business with Aqua as a result of that process. In the future, municipalities who wish to engage in a similar sales process will likely only have one option to consider, and there will be no incentive for the Joint Applicants to engage in a manner that results in the best deal possible for a selling municipality.” *See id.*, p. 7, lines 4-7. Montgomery County's testimony describes the same anticompetitive effect with respect to municipalities within its borders. *See* Montgomery County Direct Testimony, p. 5, lines 10-12.

Significantly, I&E itself identified these concerns in its testimony, with its witness, D.C.

Patel, stating:

Post-merger, by virtue of being the largest and financially strongest IOU, American Water/Essential through PAWC, Aqua PA, and Aqua PA-WW would be in a position to dictate the water and wastewater industry practices given its dominate position in the industry and would become a sole buyer of other investor owned or privately held water and wastewater utilities and municipal owned water and/or wastewater systems (under 66 Pa C.S.A § 1329) in Pennsylvania as there would likely be no viable competitors in a competitive bidding process. This would enable American Water (through its subsidiaries, PAWC, Aqua PA, and Aqua PA-WW) to expand, consolidate, and strengthen its monopoly in service territories, limiting and creating barriers for free market access for other utilities in the Pennsylvania water and wastewater utility market. Thus, this merger transaction would have the effect of boosting an anti-competitive market environment in the Pennsylvania water and wastewater market that would be detrimental to the public interest as without viable competition to control purchase prices, territory expansion costs could increase, which would be fully funded by customers.

*See* I&E Statement No. 1, Direct Testimony of D.C. Patel, p. 22:1-17.

This testimony is directly on point and its concerns remain fully applicable despite the terms of the Settlement. If the Settlement is approved, the Joint Applicants will wield

unprecedented market power, which would upend the entire water and wastewater industry. This is a clear harm that will be detrimental across Pennsylvania.<sup>2</sup>

**4. The Settlement Does Not Cure the Material Defects Identified By Delaware County and East Whiteland With Respect to their Transactions With Aqua.**

One significant issue identified by both Delaware County and East Whiteland pertains to outstanding transactions that they have with Aqua PA. Both intervenors entered into these transactions without any knowledge or anticipation that Aqua PA would ultimately be subject to a change in control, which will occur if the Proposed Transaction and Settlement are approved. It would be manifestly unfair to impose that sort of change upon Delaware County and East Whiteland over their express objections.

East Whiteland's testimony establishes that the Proposed Transaction directly threatens the benefit of its own recent bargain with Aqua PA for the sale of its wastewater system. East Whiteland “had no idea that Aqua would be entering into the Proposed Transaction” when it sold its system, and will now be party to an agreement “under a fundamentally different corporate structure than what was in place” at the time of that sale, “with essentially new management in place” and no assurance that the level of service East Whiteland bargained for will be maintained. See East Whiteland Direct Testimony, p. 3. The Settlement does not address this harm. Nor does it address the pending Asset Purchase Agreement between Aqua PA and the Delaware County Regional Water Quality Control Authority (“DELCORA”), which would be similarly impacted (and which is discussed in greater detail below).

---

<sup>2</sup> The Objecting Municipal Intervenors respectfully submit that the Commission should consider all of the Statutory Advocates’ testimony as well, which is replete with examples of the harms that will result from the Proposed Transaction. Many of these harms will occur regardless of any settlement terms or conditions that could theoretically be imposed, as they are the natural consequence of the two largest water and wastewater providers in Pennsylvania combining. The Settlement does not address many of these harms, which will still be realized and significantly outweigh any potential benefits.

It is the position of East Whiteland and Delaware County that these impacts are material harms that will be realized if the Proposed Transaction and Settlement are approved.

#### **5. The Settlement Ignores Outstanding Issues Pertaining to DELCORA**

The Settlement also fails to address a case-specific harm unique to Delaware County: the Merger's impact on the pending asset purchase agreement between Aqua PA and DELCORA (the "DELCORA APA"). As Delaware County's surrebuttal testimony explains, the DELCORA APA "will be unenforceable if the Merger closes" because the change in control effectuated by the Merger is "tantamount to an assignment of the APA, something to which neither DELCORA nor the County consents." The DELCORA APA "includes unique covenants not found in any other Section 1329 transaction, including a 25-year operations center commitment in Delco, a local-contractor preference, and an explicit covenant survival provision," all of which "were negotiated specifically with Aqua/Essential," and the buyer's representations and warranties in the APA "were premised on Aqua under Essential's ownership — not American Water's." *See Delaware County Sur-Rebuttal Testimony*, p. 14.

Delaware County's position is that, if the Merger is approved without resolving this issue, the DELCORA APA will become voidable and the County will be free to terminate it. As the testimony explains, American Water "stands to inherit a \$276.5 million acquisition that has already been recommended for denial, a stayed PUC proceeding, active litigation with the County, and an APA that will be voidable," and "[t]hat purchase price is now wildly outdated" given that "the underlying premise for the entire deal has gone away." *See Delaware County Sur-Rebuttal Testimony*, pp. 13-14. The Joint Applicants "have not explained why American Water would want to inherit this litigation or how continuing on with the active legal disputes involving DELCORA serves ratepayers." *See Delaware County Sur-Rebuttal Testimony*, p. 14.

The Settlement does not resolve, or even acknowledge, this unresolved DELCORA exposure. Because the Joint Applicants have not addressed the DELCORA APA's fate in the Settlement, the Proposed Transaction still creates new legal and financial complications and harms for Delaware County ratepayers, rather than delivering any tangible benefits.

## **6. The Statements in Support of the Settlement Only Highlight Its Fatal Deficiencies**

The Joint Applicants, I&E, and the OCA each filed a Statement in Support of the Settlement, and each urges the Commission to approve the Settlement without modification. None of these Statements supports a finding of substantial affirmative public benefit that Sections 1102 and 1103 require, and each rests on reasoning that does not withstand scrutiny against the standard the settling parties themselves invoke.

First, the Joint Applicants and I&E rely heavily on *Popowsky v. Pennsylvania Public Utility Commission* for the proposition that the Commission “is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible.” 937 A.2d 1040, 1057 (Pa. 2007). That proposition does not excuse the Joint Applicants from their threshold burden under *City of York v. Pennsylvania Public Utility Commission* to demonstrate that the Proposed Transaction will affirmatively promote the public interest in some substantial way, nor does it relieve the Commission of its obligation under *Middletown Township v. Pennsylvania Public Utility Commission* to weigh the transaction's benefits and detriments as they impact all affected parties, not merely the Settling Parties. 482 A.2d 674, 682 (Pa. Commw. 1984).

Significantly, where, as here, the Joint Applicants have repeatedly conceded that it is “too early in the integration process to quantify” the claimed cost savings and synergies underlying the Proposed Transaction, the absence of quantification is not a mere evidentiary gap that can be excused under *Popowsky*. Rather, it is the absence of the affirmative benefit the statute requires

in the first instance, making it an impossibility to truly weigh any benefit against anticipated harms. I&E itself recognized as much, recognizing in its statement in support of the Settlement that it had expressed concern “from the beginning of this proceeding regarding the complexities and difficulties in estimating the quantifiable future benefits to ratepayers.” *See* I&E Statement in Support of Joint Petition, pp. 13-14. An unquantifiable benefit is indistinguishable, for purposes of the substantial affirmative public benefit test, from no benefit at all.

The Objecting Municipal Intervenors recognize the potential response to this argument that the Settlement modifies that Proposed Transaction such that it now provides a quantifiable benefit to ratepayers. This, however, does not change the fact that the true benefits and harms of the Proposed Transaction remain, at this point, relatively unknown because the Joint Applicants seemingly submitted it for approval without working through what a potential combination and integration of the companies looks like. *See* Joint Applicants’ Responses to OCA-JA-I-14 (“American Water has not projected potential synergies resulting from the Merger.”); *see also* Joint Applicants’ Responses to OCA-JA-1-62 (“The Joint Applicants have only recently started having integration discussions and therefore, the Joint Applicants have not quantified any efficiencies at this point or determined the time period over which they may be achieved.”). It is a certainty rates will go up, but the true extent of this harm will not be fully known for perhaps years, and the same can be said for any other benefits related to synergies that have been claimed (without substantiation) by the Joint Applicants since the outset. *See id.* (“The Joint Applicants are confident that the Merger will result in efficiencies as described above and otherwise. However, as indicated in subpart a., the Joint Applicants do not yet know the magnitude or impact of those efficiencies.”).

Second, OCA's and I&E's defense of the Settlement's \$40 rate credit does not address the fact that the credit is essentially immaterial at the individual ratepayer level. OCA argues the credit

is significant because Pennsylvania American Water Company customers “currently experience the highest water bills in Pennsylvania” and have faced four rate increases in six years, and because “every dollar counts” for ratepayers facing affordability challenges. That argument proves the opposite of what OCA intends: if ratepayer affordability is genuinely strained to the degree OCA describes, a one-time \$40 credit will not meaningfully address it. The fact that the Joint Applicants increased the credit from an initial \$25 to \$40 in the course of negotiations, while I&E itself had recommended \$60<sup>3</sup>, only underscores that the ultimate figure was a negotiated compromise among the Settling Parties rather than a value derived from any showing of the actual magnitude of ratepayer harm or of the merger synergies the credit is meant to offset. A benefit whose amount reflects negotiating leverage rather than a quantified public benefit cannot satisfy Sections 1102 and 1103.

Third, the Settlement's transaction-cost and transition-cost exclusions, on which I&E, OCA, and OSBA each rely heavily as affirmative benefits, are more modest and less impactful than the Statements in Support suggest. *See* Joint Petition, ¶ 19. The Settlement excludes only enumerated categories of transaction costs from rate recovery and does not exclude the acquisition premium's broader economic effects on the combined enterprise, nor does it exclude “reasonable costs incurred that are necessary to provide service to customers” or “costs to achieve savings or synergies” from the definition of transition costs, leaving substantial room for the Joint Applicants to seek recovery of integration-related expenses in future base rate cases. The Joint Applicants themselves reserved the right to challenge the prudence of all costs related to the merger, and they expressly declined to agree to any pre-determined exclusion of transition costs from rates, insisting that recovery be assessed case-by-case in future rate proceedings. A settlement term that merely

---

<sup>3</sup> The Objecting Municipal Intervenors dispute that even a \$60 rate credit would be sufficient to offset the inevitable rate harm the Proposed Transaction would cause.

preserves the ordinary ratemaking process the Joint Applicants would be entitled to invoke regardless of Commission approval is not an affirmative benefit flowing from the Proposed Transaction; it is the status quo dressed as a concession. The OCA itself recognized this issue in its testimony, arguing that all transition costs incurred through the Merger's consummation date should be permanently excluded from the rates of all Pennsylvania utilities owned by American Water after the Merger.

Fourth, OCA's own witness conceded that the Settlement's ring-fencing commitment, which I&E and OCA both cite as a benefit, “is needed to prevent harm but does not in itself result in an affirmative public benefit.” See OCA Statement No. 1, Direct Testimony of Ralph C. Smith, p. 27:13-15. The Objecting Municipal Intervenors agree with the OCA's witness on this point, and it illustrates the broader defect in the Statements in Support: the Settlement is substantially comprised of terms that constitute an unsuccessful effort to prevent the Proposed Transaction from making ratepayers worse off, rather than terms that affirmatively make ratepayers better off. Sections 1102 and 1103, as construed in *City of York*, require the latter, and the documents supporting the Settlement do not sufficiently identify record evidence to meet this standard.

Finally, I&E's Statement in Support acknowledges that its agreement to the Settlement reflects a negotiated compromise reached to avoid the cost and delay of further litigation, and that I&E's support is “made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Settlement is rejected.” See I&E Statement in Support of Joint Petition, pp. 44-45, ¶ 27. The administrative convenience of avoiding further litigation, while a legitimate interest of the Settling Parties, is not itself evidence that the Proposed Transaction satisfies the affirmative public benefit standard, and it cannot substitute for the substantial record evidence Sections 1102 and 1103 require.

In sum, the Statements in Support do not establish that the Settlement, or the Proposed Transaction it modifies, meets the Joint Applicants' burden of proof.

**B. Conditions Requested by the Parties Opposing the Settlement**

The Objecting Municipal Intervenors do not believe that additional conditions can be sufficiently imposed on the Settlement that would suffice to overcome its shortcomings. The Commission should reject the Settlement in its entirety. The record does not support a finding that the Proposed Transaction, however conditioned, would produce the substantial affirmative public benefit the Public Utility Code requires.

**C. Impact on Pennsylvania's Competitive Retail Gas Market and Peoples Employees**

The Settlement fails to address the valid concerns raised by the Statutory Advocates in connection with Peoples. While the record reflects that the Proposed Transaction would not necessarily result in anti-competitive conduct with respect to the retail market for natural gas in Pennsylvania, the Statutory Advocates – and in particular, I&E witness Patel – raise a number of valid concerns with respect to Peoples:

- The inclusion of Peoples in the Proposed Transaction results in a “clear lack of synergies and economies of scale because American Water and Essential’s core business focus and engagement is in the water and wastewater industry while Peoples Gas differs in industry type (natural gas distribution);”
- “American Water does not show motivation or a specific reason or intention to enter into the natural gas distribution business,” resulting in concerns that “the Peoples Gas ratepayers could suffer unintended consequences if American Water/Essential decides to spin off or sell Peoples Gas at a higher valuation in the future;”

- “[T]here is no guarantee that post-merger American Water/Essential would continue to own and operate Peoples Gas for an extended period regardless of how long it has owned other acquired water/wastewater systems or companies;” and
- The Proposed Transaction would almost certainly result in increased rates for Peoples ratepayers.

Thus, the inclusion of Peoples presents no opportunity for benefit, and can only result in harm that weighs against approval.

#### **D. Affiliated Interest Transactions**

To the extent the Settlement proposes to satisfy the Joint Applicants' obligations under Section 2102(b) with respect to affiliated interest arrangements arising from the post-Merger corporate structure, the record does not support the finding required for approval of those arrangements. Given the absence of a developed integration plan, the Commission cannot determine on this record that the affiliated interest and cost-allocation arrangements contemplated by the Proposed Transaction and the Settlement will not be detrimental to the public interest, as Section 2102(b) requires. Approval of the affiliated interest provisions of the Settlement would be premature.

### **VI. CONCLUSION**

CAUSE-PA witness and former Consumer Advocate Patrick M. Cicero perhaps stated it best: “there are no affirmative benefits and there is nothing gained by creating a Godzilla-like water and wastewater conglomerate as is the proposed outcome.” *See* CAUSE-PA Statement No. 1, Direct Testimony of Patrick Cicero, pp. 5:6-6:1.

For the foregoing reasons, the Objecting Municipal Intervenors respectfully request that the Commission reject the Joint Petition for Approval of Non-Unanimous Settlement and deny the Joint Application, or, in the alternative, direct that this proceeding continue to a fully litigated

resolution and reopen the record to allow for this to be properly conducted with respect to the Settlement's terms.

Respectfully submitted,

/s/ Matthew Olesh

Matthew S. Olesh, Esquire (PA I.D. 206553)

Thomas Wyatt, Esquire (PA I.D. 89342)

James Pringle, Esquire (PA I.D. 331236)

**OBERMAYER REBMANN**

**MAXWELL & HIPPEL LLP**

Centre Square West

1500 Market Street, Suite 3400

Philadelphia, PA 19102

Tel.: (215) 665-3000

Matthew.Olesh@obermayer.com

Thomas.Wyatt@obermayer.com

James.Pringle@obermayer.com

*Counsel for County of Delaware, East Whiteland  
Township, and Montgomery County*

Dated: September 22, 2026

## **Appendix A – Proposed Findings of Fact**

1. The Joint Applicants seek approval of a change of control of Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., and Peoples Natural Gas Company LLC pursuant to Sections 1102(a)(3) and 2210(c) of the Public Utility Code.
2. The Joint Application states that the proposed transaction would be effected through the Merger of Merger Sub with and into Essential, with Essential surviving the Merger as a wholly owned subsidiary of American Water.
3. The Joint Application further provides that, following consummation of the proposed transaction, Aqua PA and Aqua PA Wastewater would be under common ownership with Pennsylvania American Water Company within the American Water corporate family.
4. The Joint Applicants have not identified, quantified, or substantiated any concrete public benefit that would result from the Proposed Transaction.
5. The Joint Applicants have not provided a developed post-closing integration plan.
6. When asked to identify actual performance improvements, the Joint Applicants did not identify specific incremental customer-service or service-quality commitments arising from the Merger.
7. The Proposed Transaction will reduce competition for the sale of municipal water and wastewater systems in Pennsylvania.
8. The Proposed Transaction will result in rate increases for ratepayers.
9. OCA, CAUSE-PA and I&E (the “Statutory Advocates”) identified serious risks of the proposed Merger to consumers: higher rates, uncertain savings, unresolved integration costs, acquisition-driven growth, greater market concentration, weaker competition, and serious affordability concerns for low-income households.

10. On August 21, 2026, the Joint Applicants reached a partial, non-unanimous settlement with the Statutory Advocates (the “Settlement”).

11. Delaware County, Montgomery County and East Whiteland Township did not join the Settlement and oppose its approval.

12. Under the Proposed Settlement, each PAWC, Aqua PA, and Peoples customer would receive a one-time bill credit of \$40.

13. The Settlement's bill credit, while described in the aggregate, provides negligible tangible benefit to any individual ratepayer.

14. Under the Proposed Settlement, PAWC would agree not to file for new base rates before April 1, 2028.

15. Under the Proposed Settlement, Aqua PA would agree not to file for new base rates before June 1, 2027.

16. The stay-out gives no assurance that costs accumulating during the stay-out will not appear in the next rate case.

17. If the Proposed Transaction is approved, a significant part of the stay-out period may already have elapsed by the time it closes.

18. The Settlement does not address all concerns regarding the Proposed Transaction raised by the statutory advocates and other intervening/protesting parties.

19. The Settlement was reached after discovery ended and after the conclusion of all evidentiary hearings and submission of evidence.

## **Appendix B – Proposed Conclusions of Law**

1. The Joint Applicants bear the burden of proof to demonstrate that the Proposed Transaction satisfies the requirements of Sections 1102, 1103, 2210, and 2102(b) of the Public Utility Code.
2. A non-unanimous settlement is not entitled to a presumption of reasonableness and must be evaluated against the full evidentiary record.
3. In order to approve the Merger, the Commission must find that it will affirmatively benefit the public and “affirmatively promote the ‘service, accommodation, or convenience or safety of the public’ in some substantial way.”
4. The Joint Applicants have not met their burden of demonstrating that the Proposed Transaction, as modified by the Settlement, will produce substantial affirmative public benefits as required under Sections 1102 and 1103.
5. The Proposed Settlement does not satisfy the affirmative public benefit standard because it does not provide concrete, measurable, transaction-specific customer benefits.
6. The fixed-date stay-out provisions do not constitute meaningful long-term ratepayer protection in the context of this Merger.
7. The one-time \$40 credit and time-limited hardship contributions do not amount to sufficient public benefits under the statutory standard.
8. Broad aspirational commitments without enforceable metrics, deadlines, targets, or pass-through requirements are insufficient to establish public benefit.
9. If the Settlement is not rejected, the record should be reopened to afford all parties due process with respect to its terms.
10. The Settlement should not be approved and the Commission should reject it.

### **Appendix C – Proposed Ordering Paragraphs**

1. The Joint Petition for Approval of Non-Unanimous Settlement is denied and the Settlement is rejected.
2. The Joint Applicants have not demonstrated on the present record that the proposed Merger/change in control transaction, as modified by the Settlement, will affirmatively benefit the public or is necessary or proper for the service, accommodation, convenience, or safety of the public.
3. In the alternative, the record in this proceeding shall be re-opened to allow for discovery and evidentiary hearings to proceed with respect to the terms of the Settlement.

# **Exhibit A**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-14 Synergies.**

- a. Have the Joint Applicants projected or had projected on their behalf, any potential synergies resulting from the proposed merger?
- b. Identify and provide all workpapers and supporting documents that were used to produce all quantifications shown in this document including but not limited to the preliminary synergy benefits and costs to achieve. If not, explain why not.

**Response:**

- a.-b. American Water has not projected potential synergies resulting from the Merger. Certain assumptions regarding potential synergies (or efficiencies) were made by Bank of America, based on similar historical merger proceedings, when providing a financial analysis of the transaction. Please OCA-JA-I-5\_Attachment\_HIGHLY CONFIDENTIAL.

Please see Essential response to OCA-JA-I-14 for their response.

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer

**Date:** February 2, 2026

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
THE JOINT APPLICANTS - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**Joint Applicants Response to OCA Set I**

**OCA-JA-I-14 Synergies.**

- a. Have the Joint Applicants projected or had projected on their behalf, any potential synergies resulting from the proposed merger?
- b. Identify and provide all workpapers and supporting documents that were used to produce all quantifications shown in this document including but not limited to the preliminary synergy benefits and costs to achieve. If not, explain why not.

**Response:**

Please see the Direct Testimony of Colleen Arnold and Daniel J. Schuller. Essential does not have any further documents responsive to this request.

**Responsible Witness(es):**

Daniel J. Schuller

**Date:** 02/02/2026

# **Exhibit B**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
THE JOINT APPLICANTS - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**Joint Applicants Response to OCA Set I**

**OCA-JA-I-13** Synergy savings.

- a. Provide all estimates of synergy savings, by year, estimated to occur due to the integration of EU's operations with AWWC's existing utility operations.
- b. Provide all estimates , by year, of costs to achieve the integration of EU's and AWWC's existing operations.
- c. Please provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

**Response:**

Please see American Water's response to this request.

**Responsible Witness(es):**

Daniel J. Schuller

**Date:** 02/02/2026

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-13** Synergy savings.

- a. Provide all estimates of synergy savings, by year, estimated to occur due to the integration of EU's operations with AWWC's existing utility operations.
- b. Provide all estimates, by year, of costs to achieve the integration of EU's and AWWC's existing operations.
- c. Please provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

**Response:**

- a-c. The Joint Applicants have only recently started having integration discussions and therefore have not yet established estimates for synergy savings or costs to achieve.

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer

**Date:** February 2, 2026

# **Exhibit C**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-1-62** Efficiencies.

- a. Identify, quantify and explain all efficiencies that have been identified to date that are expected to be enabled by the proposed transaction.
- b. Identify specifically the period of time over which AWWC will provide those benefits to Pennsylvania regulated utility customers.
- c. Identify and explain all commitments that the Joint Applicants are making that there will be efficiencies and cost savings from the optimization of the combined business and that those benefits will accrue, i.e., be provided to, Pennsylvania ratepayers, and over what time period Pennsylvania utility ratepayers would receive those benefits.

**Response:**

- a. The Joint Applicants have only recently started having integration discussions and therefore, the Joint Applicants have not quantified any efficiencies at this point or determined the time period over which they may be achieved. Nevertheless, Joint Applicants have identified the opportunity for efficiencies in the Joint Application and Testimony. These efficiencies include, but are not limited to:
  - Operational efficiencies associated with knowledge sharing and standardization of processes, practices and training
  - Consolidation of highly skilled industry professionals, the costs of which can be spread across a larger customer base
  - Technology based efficiencies that may include efficiencies from being on a full SAP platform
  - Efficiencies from leveraging the size and scale of the combined company to maximize its purchasing power and obtain significant discounts on necessary goods and services including, but not limited to, water treatment chemicals, pipe valves and fittings, meters, engineering services, consulting services, professional services, and employee benefits
  - Financing efficiencies, driven by a stronger combined balance sheet, providing greater liquidity to the combined entity, and more stable cash flows, providing an opportunity for improvement on the cost and availability of necessary financing.
- b. See response to subpart a.

- c. The Joint Applicants are confident that the Merger will result in efficiencies as described above and otherwise. However, as indicated in subpart a., the Joint Applicants do not yet know the magnitude or impact of those efficiencies.

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer  
Cheryl Norton, Executive Vice President and Chief Operating Officer

**Date:** February 2, 2026

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
THE JOINT APPLICANTS - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**Joint Applicants Response to OCA Set I**

**OCA-JA-I-62**    Efficiencies.

- a.     Identify, quantify and explain all efficiencies that have been identified to date that are expected to be enabled by the proposed transaction.
- b.     Identify specifically the period of time over which AWWC will provide those benefits to Pennsylvania regulated utility customers.
- c.     Identify and explain all commitments that the Joint Applicants are making that there will be efficiencies and cost savings from the optimization of the combined business and that those benefits will accrue, i.e., be provided to, Pennsylvania ratepayers, and over what time period Pennsylvania utility ratepayers would receive those benefits.

**Response:**

Please see American Water's response to this request.

**Responsible Witness(es):**

Daniel J. Schuller

**Date:** 02/02/2026

# **Exhibit D**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-10** Avoidance of harm to existing customers.

- a. Provide all analyses conducted by or for the Parties that establishes that the proposed acquisition will result in no short-term or long-term harm to (1) existing customers of AWWC, or (2) existing customers of EU.
- b. Provide all benefit-cost analyses conducted by or for the Parties that establishes that the proposed acquisition will result in net benefits to (1) existing customers of AWWC, or (2) existing customers of EU.
- c. Please provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

**Response:**

A-C. As detailed in the Joint Applicants' direct testimony, Joint Applicants expects the merger to result in benefits to its customers, including the customers of Aqua PA and Peoples, after the merger. The merger integration process is expected to lead to cost efficiencies in various functional areas. While there will be some costs to achieve Merger-related synergies, customers will realize benefits from those synergies as they are recognized in future rate cases in the form of costs that are lower than they would have been absent the Merger.

American Water has not conducted or had conducted for it the requested analyses. Please see Essential response to OCA-JA-I-10 for their response.

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer

**Date:** February 2, 2026

# **Exhibit E**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-16** Cost Savings. Do the Joint Applicants intend to eventually consolidate any of the existing Pennsylvania utility operations as a result of the merger? If so, please provide a detailed description of any such plans as well as projected cost savings.

**Response:**

The Joint Applicants have not made a determination regarding the consolidation of any existing Pennsylvania utility operations at this time and consolidation is not part of the transaction for which the Joint Applicants seek approval in this proceeding. If the Joint Applicants decide to merge any utility operations in the future, the respective utilities will, as required by law, seek approval from the Pennsylvania Public Utility Commission to do so through a new and separate application in the future.

**Responsible Witness:** Cheryl Norton, Executive Vice President and Chief Operating Officer

**Date:** February 2, 2026

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
THE JOINT APPLICANTS - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**Joint Applicants Response to OCA Set I**

**OCA-JA-I-16** Cost Savings. Do the Joint Applicants intend to eventually consolidate any of the existing Pennsylvania utility operations as a result of the merger? If so, please provide a detailed description of any such plans as well as projected cost savings.

**Response:**

Please see American Water's response to this request.

**Responsible Witness(es):**

Daniel J. Schuller

**Date:** 02/02/2026

# **Exhibit F**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-17** Cost Savings. Do the Joint Applicants intend to eventually consolidate any of the administrative functions currently being performed by or for any of the existing utility operations as a result of the merger? If so, please provide a detailed description of any such plans as well as projected cost savings.

**Response:**

The Joint Applicants expect some consolidation of administrative functions but have only recently started having integration discussions. Therefore, no integration plans regarding administrative functions have yet been developed. Please also see response to OCA-JA-I-56 for information regarding the integration committee established by American Water and Essential Utilities.

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer  
Cheryl Norton, Executive Vice President and Chief Operating Officer

**Date:** February 2, 2026

# Exhibit G

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-54** Best practices.

- a. Provide copies of any analyses or studies which the Joint Applicants used to analyze the best utility practices with respect to the proposed transaction.
- b. Provide an explanation how the Joint Applicants will track or quantify any productivity gains or cost savings from the best utility practices subsequent to the completion of the transaction.
- c. Provide an explanation how the Joint Applicants have tracked or quantified any productivity gains or cost savings from the best utility practices in prior mergers/acquisitions.

**Response:**

- a. American Water does not have and did not rely upon the requested analyses or studies.
- b. American Water expects to identify best practices of both utilities beginning with the integration process. The Joint Applicants have only recently started having integration discussions and therefore, the requested information is not available at this time.
- c. American Water provides safe and reliable water and wastewater service to its customers. As an industry leader in areas like safety and environmental compliance, these best practices are regularly implemented for American Water's subsidiaries' mergers and acquisitions. The requested tracking or quantification is not available. Please see Essential response to OCA-JA-I-54 for their responsive information.

**Responsible Witness:** Cheryl Norton, Executive Vice President and Chief Operating Officer

**Date:** February 2, 2026

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
THE JOINT APPLICANTS - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**Joint Applicants Response to OCA Set I**

**OCA-JA-I-54** Best practices.

- a. Provide copies of any analyses or studies which the Joint Applicants used to analyze the best utility practices with respect to the proposed transaction.
- b. Provide an explanation how the Joint Applicants will track or quantify any productivity gains or cost savings from the best utility practices subsequent to the completion of the transaction.
- c. Provide an explanation how the Joint Applicants have tracked or quantified any productivity gains or cost savings from the best utility practices in prior mergers/acquisitions.

**Response:**

- a. Studies were not conducted regarding the best practices of the Joint Applicants.
- b. Metrics and/or Key Performance Indicators (KPIs) will continue to be tracked by the respective Applicant and later determined how to be integrated together to demonstrate the combined value of the two companies together.
- c. Similarly, historical acquisitions are integrated into the KPI processes over a period of years, typically starting with regulatory compliance, such that the regulatory compliance of the Aqua company then includes and then measured against the industry KPIs including the acquisition(s).

**Responsible Witness(es):**

Colleen Arnold

Michael Huwar

**Date:** 02/02/2026

# **Exhibit H**

**OFFICE OF CONSUMER ADVOCATES  
INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS ON  
AMERICAN WATER COMPANY - SET I  
Docket Nos. A-2025-3058927, A2025-3059828 and A-2025-3058929**

**AW Response to OCA Set 1**

**OCA-JA-I-2** Costs of proposed transaction.

- a. Provide itemized estimates of costs, by year, associated with executing the proposed transaction.
- b. Provide itemized estimates of costs, by year, associated with integrating the services and processes of American Water Works Company (“AWWC”) with Essential Utilities’ (“EU”) current services.
- c. Please provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

**Response:**

- a. The currently estimated transaction costs contained in Joint Proxy Statement are \$150 million. See Joint Proxy Statement, available at [https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/d15683d424b3.htm#tx15683\\_98](https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/d15683d424b3.htm#tx15683_98) <https://ir.amwater.com/financials/annual-reports-and-proxy-statements/default.aspx>. Transaction costs are primarily comprised of investment banking fees, legal fees, accounting and audit fees, and other related advisory costs. The estimated costs are not available by year. As explained in the Joint Petition and Exhibits, Joint Applicants will not seek rate recovery of transaction costs incurred in connection with the Merger.
- b. The Joint Applicants have only recently started having integration discussions and therefore, have not estimated integration costs.
- c. A copy of the Joint Proxy Statement is available at [https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/d15683d424b3.htm#tx15683\\_98](https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/d15683d424b3.htm#tx15683_98) <https://ir.amwater.com/financials/annual-reports-and-proxy-statements/default.aspx>

**Responsible Witness:** David Bowler, Executive Vice President and Chief Financial Officer

**Date:** February 2, 2026