

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: Cheryl Norton**

1. Refer to the Application, page 10, paragraph 29, and Essential and Delta's response to Commission Staff's First Request for Information (Staff's First Request), Item 3. Delta has stated that it does not expect termination of any Delta employees prior to the proposed merger. Explain if any terminations or reductions of Delta's current employee head count is expected following the proposed merger.

**Response:**

No terminations or reductions of Delta employees following the proposed merger (other than for cause or in the event of a voluntary resignation) are expected at this time. As explained in Paragraph 29 of the Application, "Delta's existing employees will be retained, thus ensuring the continuity of existing service and management."

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: Cheryl Norton**

2. Refer to the Application, Exhibit C, Joint Applicants' Merger Commitments.
  - a. Explain whether American Water has committed to any specific timeframe for the two commitments provided regarding Local Presence and Commitments to Employees.
  - b. The Quality of Service Commitments provide that American Water will continue to invest in infrastructure replacement, renewal, upgrades or additions to support the provision of safe, reliable and affordable service. Provide details regarding any known infrastructure replacements, renewals, upgrades or additions currently planned or anticipated for the Delta system

**Response:**

- a. American Water's commitments regarding local presence and employees are not tied to a specific timeframe, as these practices are part of the company's longstanding approach to operating within its communities. Under the American Water umbrella, day to day operations would continue to be locally managed by dedicated local employees. American Water would continue to maintain a sufficient workforce, operational facilities and offices to continue to provide safe, reliable and affordable utility services. In addition, American Water would continue to honor all collective bargaining agreements under their current terms, unless modified through future negotiations.
- b. Please see Essential's response to this question.

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: David Bowler**

3. Refer to American Water's response to Staff's First Request, Item 2(c), where American Water states that "the expanded size and scope of the combined organization will enable operational efficiencies... supporting competitive access to capital for all utility subsidiaries, including Delta." Confirm that Delta's access to equity and bond markets post-merger, for the purposes of financing short-term and long-term debt, will be identical to American Water's current access to capital. If not confirmed, explain the extent to which Delta's access to equity and bond markets post-merger will differ from American Water's current access to those markets.

**Response:**

Confirmed. Delta's access to equity and bond markets post-merger, for the purposes of financing short-term and long-term debt, is expected to be identical to American Water's access to capital.

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: Cheryl Norton and David Bowler**

4. Refer to American Water's response to Staff's First Request, Item 4(a). For each efficiency listed, provide specific examples of how each efficiency will be achieved as a result of the proposed merger.

**Response:**

As discussed in the Company's response to Item 4(a) of Staff's First Request for Information, the Joint Petitioners have only recently started having integration discussions, and, therefore, the Joint Petitioners have not yet identified all the efficiencies that may come out of that process, nor determined how those efficiencies will be achieved.

Nevertheless, examples of how these efficiencies may be achieved include, but are not limited to:

- Operational efficiencies associated with knowledge sharing and standardization of processes, practices and training could be achieved through adopting standardized operation procedures in areas such as treatment operations, distribution system maintenance, water quality testing, and emergency response. Sharing best practices, for example - optimizing flushing programs, leak detection methods, and preventative maintenance schedules as well as standardization of training programs for these activities.
- Consolidation of highly skilled industry professionals, the costs of which can be spread across a larger customer base could be achieved by leveraging technical experts (e.g., water quality scientists, regulatory specialists, asset management engineers) who would support a larger combined system, lowering per customer cost for specialized expertise.
- Technology based efficiencies that may include efficiencies from being on a full SAP platform; integrating both utilities into one standard platform could eliminate duplicated billing, accounting, asset management, and workorder systems, reducing IT overhead and improving data accuracy. In addition, having customer service systems operate from a single integrated platform.
- Leveraging the size and scale of the combined company to maximize purchasing power and obtain discounts on goods and services. The merged company will be able to buy treatment chemicals, meters, pipes, valves, fittings, and safety equipment in larger volumes, enabling negotiated bulk purchase discounts and improved vendor contract terms. Combining procurement functions will allow the unified company to negotiate more favorable service contracts for engineering, consulting, and professional services.
- Financing efficiencies could be achieved as the combined entity may qualify for improved credit terms or lower borrowing rates, reducing the cost of financing capital projects needed for system upgrades. Stronger balance sheet metrics allow for staggered, longer-term financing strategies, reducing refinancing risk and smoothing rate impacts. Larger scale

and more predictable cash flows enhance access to capital markets and improve the company's ability to fund infrastructure projects at a lower cost.

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: Cheryl Norton**

5. Refer to the Application generally and to American Water's response to Staff's First Request, Item 15.
  - a. Confirm if the duration of the commitment to retain Delta's principal office in Winchester expires at the same time as the two-year charitable giving period. If unable to confirm, explain any differences.
  - b. Explain whether the pursuit of operational synergies or efficiencies from the merger could eventually result in the consolidation of Delta's Winchester, Kentucky operations into American Water's headquarters.

**Response:**

- a. The commitment to retain Delta's principal office is not tied to the two-year commitment related to charitable contributions. As explained in Exhibit C to the Application, "American Water commits to maintaining sufficient workforce, operational facilities and offices to continue to provide safe, reliable and affordable utility services to customers."
- b. Joint Applicants have only recently started having integration discussions and therefore, the potential consolidation of any operations or offices have not yet been evaluated. Following the Merger, Delta will remain a separate legal entity from Kentucky-American Water Company and, as explained in paragraph 22 of the Application, "Delta will continue to operate as a Kentucky public utility subject, as it has been, to the continuing jurisdiction of the Commission and without any reduction in the existing oversight or any diminishment in the authority of the Commission over Delta."

**JOINT APPLICANTS  
CASE NO. 2025-00408  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

---

**Witness: David Bowler**

6. Refer to Essential and Delta's response to Staff's First Request, Item 6. Delta's reported Quick Ratio as of December 31, 2025, was 0.7. Confirm if American Water will provide an immediate cash infusion or line of credit to Delta post-merger closing to bring this ratio in line with industry standards (typically 1.0 or higher). If unable to confirm, explain the post-merger plans for Delta's Quick Ratio

**Response:**

Although the Quick Ratio is not a tool used by American Water to manage subsidiary cash or liquidity positions, American Water can confirm that it intends to provide a line of credit to Delta, and all regulated subsidiaries, post-merger.

The Joint Applicants have only recently started having integration discussions and therefore, the Joint Applicants have not yet identified fully the formal post-Merger structure, what specifically the combined entity will need when it comes to lines of credit, the specific lines of credit that would need to be renegotiated under a single financing subsidiary model, nor the specific amount that would be required.