

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE VERIFIED APPLICATION OF)	
AMERICAN WATER WORKS COMPANY,)	
INC., ALPHA MERGER SUB, INC.,)	
ESSENTIAL UTILITIES, INC., LDC)	CASE NO. 2025-00408
FUNDING, LLC, PNG COMPANIES LLC,)	
AND DELTA NATURAL GAS COMPANY,)	
INC. FOR APPROVAL OF THE TRANSFER)	
OF CONTROL OF DELTA NATURAL GAS)	
COMPANY, INC.)	

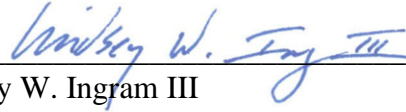
ORDERING PARAGRAPH 5 REPORT

By Order of April 21, 2026, the Commission approved the requested merger in this case. In that Order at Ordering Paragraph 5, the Commission directed the Joint Applicants to file notice of the receipt of other regulatory and judicial decisions. Joint Applicant American Water Works Company, Inc. (“AWWC”) hereby provides notice that the requested approval from the Public Utilities Commission of Ohio has been obtained.¹

¹ A copy of the Ohio approval is attached.

Dated: May 26, 2026

Respectfully submitted,



Lindsey W. Ingram III

Monica H. Braun

Stoll Keenon Ogden PLLC

300 West Vine St. Suite 2100

Lexington, Kentucky 40507-1801

Telephone: (859) 231-3000

Fax: (859) 253-1093

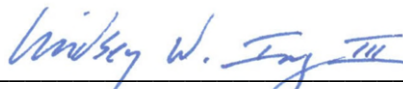
l.ingram@skofirm.com

monica.braun@skofirm.com

*Counsel for American Water Works Company and
Alpha Merger Sub, Inc.*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was submitted electronically to the Public Service Commission on May 26, 2026, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding



*Counsel for American Water Works
Company, Inc. and Alpha Merger Sub, Inc.*

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
AQUA OHIO, INC., AQUA OHIO
WASTEWATER, INC., AND AMERICAN
WATER WORKS COMPANY, INC.

CASE NO. 25-1200-WS-UNC

FINDING AND ORDER

Entered in the Journal on May 13, 2026

I. SUMMARY

{¶ 1} The Commission grants the Agreement and Plan of Merger filed in this matter consistent with the conditions set forth in this Finding and Order.

II. APPLICABLE LAW

{¶ 2} Pursuant to R.C. 4905.06, the Commission has general supervision over all public utilities within its jurisdiction as defined in R.C. 4905.05 and may examine such public utilities and keep informed as to their general condition, capitalization, and franchises, and as to the manner in which their properties are leased, operated, managed, and conducted with respect to the adequacy or accommodation afforded by their service, the safety, and security of the public and their employees, and their compliance with all laws, order of the Commission, franchises, and charter requirements.

{¶ 3} Pursuant to R.C. 4905.63, a company formed to acquire property or to transact business that would be subject to Chapters 4901, 4903, 4905, 4907, 4909, 2921, 4923, and 4927 of the Revised Code and a company owning or possessing franchises for any of the purposes contemplated in those chapters, are subject to those chapters provisions, although no property has been acquired, no business has been transacted, or no franchises have been exercised by the company.

III. PROCEDURAL BACKGROUND

{¶ 4} Aqua Ohio, Inc. (Aqua OH) is an Ohio corporation engaged in the business of providing water service to customers in Ohio and, as such, is a water-works company and a public utility as defined by R.C. 4905.03(G) and 4905.02, respectively. Aqua OH is a wholly owned subsidiary of Essential Utilities, Inc. (Essential).

{¶ 5} Essential is a Pennsylvania corporation and a holding company that is not directly engaged in the business of supplying water through pipes or tubing, or in a similar matter, to consumers within the state of Ohio or in the business of sewage disposal services through pipes or tubing and treatment works or in a similar manner, within the state of Ohio and, therefore, is not a public utility as defined in R.C. 4905.02.

{¶ 6} Aqua Ohio Wastewater, Inc. (Aqua OH WW) is an Ohio corporation engaged in the business of providing wastewater service to customers in Ohio and, as such, is a sewage disposal system company and a public utility as defined by R.C. 4905.03(M) and 4905.02, respectively. Aqua OH WW is a wholly owned subsidiary of Aqua OH.

{¶ 7} American Water Works Company, Inc. (American Water) is a Delaware limited liability company. It is the largest and most geographically diverse regulated water and wastewater utility company in the United States. Through its operating subsidiaries, it provides drinking water and wastewater services to 3.5 million customer connections, or more than 14 million people with regulated operations in California, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia, and West Virginia. It also provides water and wastewater services to 18 military installations across the country.

{¶ 8} Alpha Merger Sub, Inc (Merger Sub) is a new wholly owned subsidiary of American Water formed for the sole purpose of effectuating the proposed transaction described below.

IV. APPLICATION

{¶ 9} On October 26, 2025, American Water, Merger Sub, and Essential entered into an agreement to combine American Water and Essential, in an all stock, tax free merger whereby Merger Sub will be merged with, and into Essential and will then cease to exist. Essential will continue as the surviving corporation. As a result of the transaction, Essential will be a wholly owned subsidiary of American Water. American Water will become the ultimate corporate parent of Essential and all of its subsidiaries, including Aqua OH and Aqua OH WW, which will each maintain their respective separate corporate existence, franchises, obligations, and privileges.

{¶ 10} On December 31, 2025, Aqua OH, Aqua OH WW, and American Water (Joint Applicants) filed a notice of the proposed Agreement and Plan of Merger. According to Joint Applicants, the proposed transaction will bring “together two industry leaders with a shared mission and common core values that are committed to safety, sustainable growth, operational excellence, a superior customer experience, and recognition as a top-tier employer, all while protecting the natural environment in the areas in which they operate. Together, the transaction creates a stronger, more resilient utility with improved credit quality, balanced capital structure, and stable cash flow to support long-term growth and reliable service” (Application at 3). Additionally, Joint Applicants note that the transaction “presents opportunities to leverage operational and financial expertise and efficiencies from complementary platforms to drive high quality, affordable service and maximize the ability to help solve water and wastewater challenges across the United States. The enhanced scale and operational efficiency of the combined company will support sustained and necessary investment in water and wastewater infrastructure in Ohio and across the country” (Application at 3). According to Joint Applicants, “the transaction will result in a combined company with a breadth and depth of expertise unmatched in the water and wastewater regulated space” (Application at 4).

{¶ 11} The transaction is expected to close in the fourth quarter of 2026. Joint Applicants explain that, upon completion of the transaction, Aqua OH and Aqua OH WW will each remain as a locally managed, separate public utility subject to the Commission's regulation of service quality and rates. Each company will continue to maintain its own books and records. Joint Applicants represent that the transaction will have no immediate effect on the rates, terms, or conditions of service to the customers of Aqua OH or Aqua OH WW and that the companies will continue to provide service under their existing Commission approved tariffs and special arrangements. Neither company will seek recovery in its rates of transaction costs or any goodwill related to the transaction (Application at 5). Given the representation that the transaction will not affect the rates, terms, or conditions of service to its customers, Joint Applicants contend that no formal Commission review is necessary and request that the Commission not order any public hearing, evidentiary hearing, customer notice, or other formal process (Application at 5, 7.)

{¶ 12} Finally, while noting the pendency of their pending rate applications, Aqua OH and Aqua OH WW do not expect the transaction to have any impact on the applications or the alternative rate plans (Application at 5).

{¶ 13} On March 12, 2026, Staff filed its comments in response to the proposed transaction addressing the managerial, technical, and financial impacts of the transaction. Based on the Joint Applicant responses to Staff's data requests, Staff submits that while American Water intends to utilize Aqua OH and Aqua OH WW employees and management for the technical operations and the provision of water and sewer services, American Water will evaluate the integration of Essential and American Water personnel to determine the appropriate organizational structure for the combined company (Staff Comments at 2-3). Staff notes that the size and breadth of American Water combined with Essential will allow for the maximizing of its purchase power and the obtaining of discounts on necessary goods and services (Staff Comments at 4). Staff recognizes that the expanded set of resources and greater scale achieved through the transaction will support continued investment in critical infrastructure and the combined company's ability to meet the

evolving needs of customers supported by a stronger balance sheet (Staff Comments at 4). According to Staff, rating agencies have generally reviewed the transaction in a positive light due to the larger size of the combined companies, greater geographic and regulatory diversity, and the potential for economic and efficiency synergies (Staff Comments at 4).

{¶ 14} As part of its review, Staff highlights that Joint Applicants have committed that transaction costs and goodwill associated with the transaction will be recorded at the American Water level and will not be recorded on Aqua's books. According to Staff, American Water does not intend to use push down accounting for transaction costs or goodwill associated with the transaction (Staff Comments at 5-6).

{¶ 15} Regarding impacts on customers, Staff believes that customers should not see significant impacts from the transaction. Staff notes that although Aqua OH and Aqua OH WW customers will not see transaction costs or goodwill recovered through rates, eventually the transition in ownership may impact rates (Staff Comments at 5). Although American Water anticipates rebranding, the process for rebranding has not yet been determined. Similarly, additional aspects of the transition, such as updates to printed materials (e.g., bills with new logos and a name change), changes to payee at banks and payment centers, website URL changes in new social media platforms and signage changes to buildings and vehicle fleet have not yet been determined. Customers will be required to adjust to any of these ultimate changes. (Staff Comments at 5).

{¶ 16} Based on its overall analysis, Staff believes that the proposed transaction is not unreasonable and should not adversely impact Ohio customers (Staff Comments at 6). Specifically, Staff concludes that customers should receive uninterrupted and adequate service as the current Aqua OH and Aqua OH WW management and technical personnel will continue to be utilized after the transaction. Staff recommends that American Water provide updates to Staff on any changes in systems, policies, and procedures for at least three years. Staff also notes that Aqua OH, Aqua OH WW, and American Water commit that transaction costs incurred to structure, negotiate, and execute the transaction and

goodwill associated with the transaction will be recorded at the American Water level and will not be recorded on Aqua OH's books. Additionally, American Water does not intend to seek recovery from customers of any acquisition premium, goodwill, or transaction costs. Transition costs will be handled through the normal regulatory ratemaking process resulting in transition and implementation costs being captured within appropriate line items on financial statements. (Staff Comments at 6.) Staff identifies that although there will be costs to achieve synergies, customers are expected to 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 transaction. Since American Water and Essential have only recently begun integration discussions and estimated transition costs are not available at this time, Staff recommends that Joint Applicants be required to record, track and identify any transition costs stemming from the transaction in Aqua OH's and Aqua OH WW's next rate case for review by Staff to determine whether such transition costs are appropriate for recovery from customers. (Staff Comments at 6-7.)

V. DISCUSSION

{¶ 17} The Commission finds that the transaction is properly before us for consideration and approval. As recognized by Joint Applicants, the Commission has previously exercised its general supervisory authority under R.C. 4905 and 490.06 to review transactions for the purpose of ensuring that the effect of the transaction on the regulated utility and its customers will be consistent with the public interest. Additionally, the Commission notes that this matter is properly before the Commission pursuant to R.C. 4905.63 in light of the creation of Alpha Merger Sub, Inc., for the purpose of effectuating the proposed transaction. Finally, the Commission notes that we have previously asserted jurisdiction over the change in parent company ownership of water companies. *See In re the Joint Application of American Water Works Company, Inc., Ohio American Water Company, and Aqua Ohio Inc. for Approval of the Purchase of Common Stock of Ohio American Water Company Aqua Ohio Inc.* Case No. 11-5102-WS-ATR, Finding and Order (Feb. 14, 2012); *In re the*

Application of Aqua Ohio, Inc. for Accounting Authority, Case No. 11-5103-WS-AAM, Finding and Order (Feb. 14, 2012).

{¶ 18} In regard to the application, the Commission finds that the proposed Agreement and Plan of Merger is reasonable and should be granted consistent with the conditions set forth Finding and Order. Specifically, the Commission finds that the proposed transaction is in the public interest due to stronger financial condition of the combined entities and the potential for economic and efficiency synergies. Additionally, the Commission recognizes the benefit of Aqua OH and Aqua OH WW management and technical personnel continuing to be utilized after the transaction. While reaching this determination, in light of the early stages of the implementation of the merger process, the Commission agrees with Staff's recommendation that Joint Applicants provide updates to Staff on any changes in systems, policies, and procedures for a three-year period of time from the issuance of this Finding and Order. The updates should be provided pursuant to quarterly meetings to be scheduled with Staff. Additionally, the Commission agrees with Staff that Joint Applicants be required to record, track and identify any transition costs stemming from the transaction in Aqua OH's and Aqua OH WW's next rate case for review by Staff to determine whether such transition costs are appropriate for recovery from customers. Finally, Joint Applicants should formally notify the Commission upon the closing of the transaction.

VI. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That the Agreement and Plan of Merger be approved in accordance with Paragraph 18. It is, further,

{¶ 21} ORDERED, That Joint Applicants comply with the directives set forth in Paragraph 18. It is further,

{¶ 22} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

JSA/dmh