

Case No. 2025-00408
Essential Utilities, Inc. and Delta Natural Gas Company, Inc.
Response to Commission Staff's Second Request for Information

STAFF 2-1:

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: Please see the response to Staff RFI-2-1 filed separately by American Water Company, Inc. ("American Water").

Witness: Daniel J. Schuller

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STAFF 2-2:

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. Please see the response to Staff RFI-2-2-a filed separately by American Water Company.

b. Delta plans to continue its Pipe Replacement Program, and its 2026 planned improvements under the Program are described in Case No. 2025-00333. In addition to the Pipeline Replacement Program, Delta's other capital improvements are described in its most recent rate proceeding in Case No. 2024-00346. Delta is not anticipating any changes to its planned capital investments as a result of the proposed transaction with American Water.

Witness: John Brown

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STAFF 2-3:

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: Please see the response to Staff RFI-2-3 filed separately by American Water.

Witness: Daniel J. Schuller

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STAFF 2-4:

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: Please see the response to Staff RFI-2-4 filed separately by American Water.

Witness: Daniel J. Schuller

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STAFF 2-5:

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. Delta confirms that it has no current plans to relocate its principal office in Winchester.
- b. Please see the response to Staff RFI-2-5-b filed separately by American Water.

Witness: John Brown

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STAFF 2-6:

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: Please see the response to Staff RFI-2-6 filed separately by American Water.

Witness: Daniel J. Schuller

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

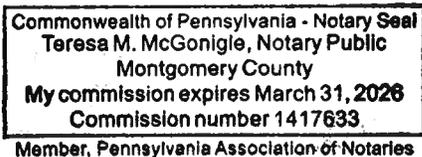
The undersigned, Daniel J. Schuller, state under oath that the foregoing Responses to Commission Staff's Second Request for Information are true and correct to the best of his information, knowledge and belief.

Daniel J. Schuller
Daniel J. Schuller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of March, 2026.

Teresa M. McGonigle
Notary Public

My Commission Expires: March 31, 2026



Notary ID No. 1417633