

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO AMERICAN WATER WORKS COMPANY, INC.; ALPHA MERGER SUB, INC.;  
ESSENTIAL UTILITIES, INC.; LDC FUNDING, LLC; PNG COMPANIES LLC; AND  
DELTA NATURAL GAS COMPANY, INC.

American Water Works Company, Inc. (American Water); Alpha Merger Sub, Inc. (Merger Sub); Essential Utilities, Inc. (Essential); LDC Funding LLC (LDC Funding), PNG Companies LLC (PNG), and Delta Natural Gas Company, Inc. (Delta) (collectively, Joint Applicants), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on February 6, 2026. The Commission directs Joint Applicants to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

---

<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if Joint Applicants obtain information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, page 6, paragraph 16. Provide the support for the amount of American Water's common stock that each Essential shareholder will receive upon consummation of the proposed merger.

2. Refer to the Application, page 10, paragraph 27.

a. Explain whether American Water has any prior experience, in the capacity of an indirect owner, or otherwise, in the operation of any natural gas utilities.

b. Explain whether American Water has acquired any other natural gas utilities. If so, identify the companies and when they were acquired.

c. Explain how American Water's financial, technical, and managerial expertise in serving water customers translates to its indirect ownership of a natural gas industry.

3. Refer to Application, page 10, paragraph 29, which states: "Delta's existing employees will be retained, thus ensuring the continuity of existing service and management."

a. List all current Delta employees by position title and business address.

b. Describe the current job duties of each Delta employee by position title. Explain whether any employee's job duties will change after the proposed reorganization and describe any anticipated changes.

c. Explain whether any separation or termination of current Delta employees is expected prior to the proposed merger.

4. Refer to the Application, page 11, paragraph 31.

a. Explain how the proposed merger will generate synergies and result in overall aggregate cost avoidance or cost saving opportunities for the combined company over the long term.

b. Explain how American Water's access to equity and bond markets will provide efficiencies as opposed to Essential's current access to equity and bond markets.

5. Refer to the Application, Exhibit A, page 6, paragraph (e). Consider this an ongoing request. Provide support for any adjustment to the Exchange Ratio throughout the instant case record.

6. Provide the following financial performance measures and ratios for each utility party to the requested merger. Provide the information as of the most recent Value Line publication pre-merger and after the merger was announced.

- a. P/E Ratio (price divided by earnings per share).
- b. Dividend Yield (dividend yield based on present cash dividend rate)
- c. Payout Ratio (primary or basic earnings per share excluding extraordinary items paid to common shareholders in the form of cash dividends).
- d. Quick Ratio (cash plus short-term investments plus accounts receivable, divided by total current liabilities).
- e. Current Ratio (total current assets divided by total current liabilities).
- f. Interest Coverage (earnings before interest and taxes divided by interest expense).
- g. Equity Ratio (total common equity divided by total capitalization).

h. Return on Equity (income available to common shareholders divided by common equity).

7. Explain whether any cost-benefit analysis was performed to quantify financial benefits to Delta's ratepayers. If no cost-benefit analysis has been performed, explain why.

8. Describe how the proposed transaction will affect Joint Applicants' capital structure. Provide with the response a schedule that compares Joint Applicants' present capital structure including the weighted average cost of capital to its projected post-transaction capital structure.

9. State when Delta currently anticipates applying for any further adjustment of its rates for service. Describe the effect of the proposed transfer of control on the date when Delta plans to apply for any further adjustment of its rates for service, and if the proposed transfer materially impacts Delta's stay-out clause in the Joint Stipulation, Settlement Agreement, and Recommendation (Joint Settlement) reached in Case No. 2024-00346.<sup>2</sup>

10. Provide a detailed explanation of the specific financial goals of this corporate reorganization for each of the Joint Applicants.

11. Provide copies of all reports submitted by rating agencies and financial advisors to Joint Applicants related to the proposed transfer of indirect control of Delta.

---

<sup>2</sup> Case No. 2024-00346, *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Gas Rates* (Ky. PSC July 1, 2025); Joint Settlement (filed Apr. 14, 2025).

12. Provide copies of any filings or applications regarding proposed transfer/merger that have been filed with any additional regulatory agency on behalf of each Joint Applicant.

13. Provide the proposed journal entries that will be recorded on the books of each Joint Applicant to reflect proposed transfer/merger using estimated dollar amounts if actual amounts are not known at this time.

14. Given that the application contains no provision for passing on any corporate merger savings to Delta ratepayers in the form of reduced rates, explain how proposed transfer/merger can be considered to be in public interest.

15. Explain what local considerations were considered in this proposed transfer of control of Delta.



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED **JAN 21 2026**

cc: Parties of Record

\*Honorable Lindsey W Ingram, III  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801

\*Molly Van Over  
Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502

\*Monica Braun  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801

\*Delta Natural Gas Company, Inc.  
3617 Lexington Road  
Winchester, KY 40391

\*Rebecca C. Price  
Sturgill, Turner, Barker & Moloney  
155 East Main Street  
Lexington, KY 40507

\*M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KY 40507