



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Robert F. Young
Direct Dial: 717.237.5384
Fax: 717.237.5300
ryoung@mcneeslaw.com

February 19, 2021

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Via Electronic Filing

RE: Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections 1102, 1329, and 507 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of the Delaware County Regional Water Quality Control Authority; Docket No. A-2019-3015173

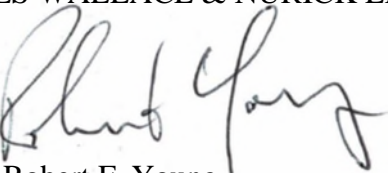
Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Objections of the County of Delaware to the Joint Stipulation between Aqua Pennsylvania Wastewater, Inc., Southwest Delaware County Municipal Authority and Delaware County Regional Water Control Authority, in the above-referenced proceeding.

As shown by the attached Certificate of Service and per the Commission's March 20, 2020, Emergency Order, all parties to these proceedings are being duly served via email only due to the current COVID-19 pandemic. Upon lifting of the aforementioned Emergency Order, we can provide parties with a hard copy upon request.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Robert F. Young

Counsel to County of Delaware, Pennsylvania

RFY/ams

Enclosure

c: The Honorable Angela T. Jones (via email only)
The Honorable Joseph Brady (via email only)
Pamela McNeal, Legal Assistant to ALJ (via email only)
Certificate of Service (via email only)

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

Thomas T. Niesen, Esq.
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
tniesen@tntlawfirm.com
Counsel to Aqua Pennsylvania

John F. Povilaitis, Esq.
Alan M. Seltzer, Esq.
Buchanan Ingersoll & Rooney, PC
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357
john.povilaitis@bipc.com
alan.seltzer@bipc.com
Counsel to Aqua Pennsylvania

Alexander R. Stahl, Esq.
Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
astahl@aquaamerica.com

Steven Gray, Esq.
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101
sgray@pa.gov

Christine Maloni Hoover, Esq.
Erin L. Gannon, Esq.
Harrison W. Breitman, Esq.
Santo G. Spataro, Esq.
Office of Consumer Advocate
555 Walnut Street, Forum Place, 5th Floor
Harrisburg, PA 17101
OCADelcora@paoca.org

Gina L. Miller, Esq.
Erika L. McLain, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265
ginmiller@pa.gov
ermclain@pa.gov

Kenneth Kynett, Esq.
Charles G. Miller, Esq.
Petrikin Wellman Damico Brown & Petrosa
The William Penn Building
109 Chesley Drive
Media, PA 19063
kdk@petrikin.com
cgm@petrikin.com
Counsel to Edgmont Township

Thomas Wyatt, Esq.
Matthew Olesh, Esq.
Obermayer Rebmann Maxwell & Hippel
1500 Market Street, Suite 3400
Philadelphia, PA 19102
thomas.wyatt@obermayer.com
matthew.olesh@obermayer.com
*Counsel to Delaware County Regional
Water Quality Control Authority*

Scott J. Rubin, Esq.
333 Oak Lane
Bloomsburg, PA 17815-2036
scott.j.rubin@gmail.com
*Counsel to Southwest Delaware County
Municipal Authority*

Ross F. Schmucki
218 Rutgers Avenue
Swarthmore, PA 19081
rschmucki@gmail.com

Certificate of Service

Page 2

Thomas J. Sniscak, Esq.
Whitney E. Snyder, Esq.
Kevin J. McKeon, Esq.
Melissa A. Chapaska, Esq.
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
TJSniscak@hmslegal.com
WESnyder@hmslegal.com
KJMckeon@hmslegal.com
MAChapaska@hmslegal.com
Counsel to Sunoco Partners Marketing

Michelle M. Skjoldal, Esq.
Justin G. Weber, Esq.
Troutman Pepper Hamilton Sanders LLP
100 Market Street, Ste. 200
P.O. Box 1181
Harrisburg, PA 17108-1181
michelle.skjoldal@troutman.com
justin.weber@troutman.com
Counsel to Kimberly Clark Corp.

Jason T. Ketelsen, Esq.
Troutman Pepper Hamilton Sanders LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
jason.ketelsen@troutman.com

Marc D. Machlin, Esq.
Troutman Pepper Hamilton Sanders LLP
2000 K Street, N.W., Suite 600
Washington, D.C. 20006
marc.machlin@troutman.com
Counsel to Kimberly Clark Corp.

Cynthia Pantages
C&L Rental Properties, LLC
30 S. Lake Drive
P.O. Box 516
Lake Harmony, PA 18624
cyndipantages@gmail.com

Edward Clark Jr.
Treasure Lake Property Owners Association
13 Treasure Lake
DuBois, PA 15801
gm@treasurelake.us

Robert W. Scott, Esq.
Robert W. Scott PC
205 North Monroe Street
P.O. Box 468
Media, PA 19063
rscott@robertwscottpc.com

Patricia Kozel
15 Hazzard Run Road
Lake Harmony, PA 18624
pattyk6@icloud.com

Lawrence and Susan Potts
11 Chestnut Street
P.O. Box 522
Lake Harmony, PA 18624
susie01213@aol.com



Robert F. Young

Counsel to the County of Delaware,
Pennsylvania

Dated this 19th day of February, 2021, in Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania	:	
Wastewater, Inc. pursuant to Sections 507,	:	
1102 and 1329 of the Public Utility Code	:	Docket No. A-2019-3015173
for, inter alia, approval of the acquisition of	:	
the wastewater system assets of the	:	
Delaware County Regional Water Quality	:	
Control Authority	:	

**OBJECTIONS OF THE COUNTY OF DELAWARE TO THE JOINT STIPULATION
BETWEEN AQUA PENNSYLVANIA WASTEWATER, INC., SOUTHWEST
DELAWARE COUNTY MUNICIPAL AUTHORITY AND DELAWARE COUNTY
REGIONAL WATER CONTROL AUTHORITY**

BEFORE THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Now comes the County of Delaware, Pennsylvania (the County), by and through counsel, who files these Objections of the County of Delaware to the Joint Stipulation between Aqua Pennsylvania Wastewater, Inc. (“Aqua”), Southwest Delaware County Municipal Authority (“SWDCMA”) and Delaware County Regional Water Control Authority (“DELCORA”). In support thereof, the County avers as follows:

Introduction

1. On January 11, 2021, Presiding Administrative Law Judges (“ALJs”) Angela T. Jones and F. Joseph Brady issued a Recommended Decision (“RD”) recommending that the Pennsylvania Public Utility Commission (“Commission” or “PUC”) deny the Application of Aqua Pennsylvania Wastewater, Inc. seeking approval of the acquisition of the wastewater system assets of the Delaware County Regional Water Quality Control Authority (the “Application”).

2. Between January 22, 2021 and February 1, 2021 various parties filed Exceptions and Reply Exceptions to the RD, all of which are pending before the Commission.

3. On February 9, 2021, protestant Southwest Delaware County Municipal Authority (“SWDCMA”), through counsel, filed with the Commission a document titled “Joint Stipulation of Aqua Pennsylvania Wastewater, Inc., Southwest Delaware County Municipal Authority, and Delaware County Regional Water Control Authority” (the “Proposed Stipulation”).¹ The Proposed Stipulation specifically requests approval by the Commission. Proposed Stipulation (“PS”), ¶ 4.

4. SWDCMA is the largest of the “Municipal Protestants” in this proceeding. SWDCMA generates 4.86% of DELCORA’s revenues. Main Brief of Municipal Protestants at 21.

5. For the following reasons, the County of Delaware requests the Commission to reject the Proposed Stipulation in its entirety.²

¹ SWDCMA concurrently filed a withdrawal of its protest pursuant to 52 Pa.Code § 5.94(b). Other protestants had previously filed proposed stipulations which were addressed in Exceptions and Reply Exceptions. Specifically, the County explained in Reply Exceptions that those stipulations are extra-record evidence that should not be considered by the Commission in rendering a final determination on Aqua’s Application. *See* County Reply Exceptions at 7-8. The County also explained that the filing of recent stipulations and withdrawals of protests after the close of the record (and after the issuance of the RD) does not provide sufficient certainty that Aqua has clear legal authority to acquire the DELCORA assets and actually serves to confirm the RD’s determination that the transaction remains riddled with uncertainties. *Id.* at 39. The Proposed Stipulation does not remove uncertainties, it magnifies the existing uncertainties.

² The Commission can reject a stipulation in whole or in part under its “mandate to protect the public interest, as opposed to interests of the individual parties.” *Application of Beyah Trans. Co.*, A-00099920F1, 1978 WL 50987 (Public Meeting December 29, 1977, entered January 10, 1978). The Commission is not required to reopen the record following the rejection of a stipulation. *Glenside Suburban Radio Cab, Inc. v. Pa.PUC*, 411 A.2d 874, 876 (Pa. Commw. Ct. 1980).

Objection No. 1 - The Proposed Stipulation Does Not Include or Describe the Claimed Amendment to Exhibits F110 and F111 of the Asset Purchase Agreement

6. The Proposed Stipulation relates to two exhibits which are part of Aqua's Application, specifically Exhibits F110 and F111. These exhibits constitute the service agreement under which DELCORA provides wholesale wastewater service to SWDCMA ("Service Agreement"). PS, ¶¶ 2-3.

7. Paragraph 3A of the Proposed Stipulation asserts that DELCORA and SWDCMA have amended the Service Agreement and that, "**as part of that amendment**, SWDCMA has consented to the assignment of the amended Service Agreement to Aqua at the time of closing...." PS, ¶ 3A (emphasis added). The Proposed Stipulation does not include a copy of the amendment or fully describe the amendment.

8. Counsel for the County requested a copy of the amendment from Counsel for SWDCMA.

9. SWDCMA declined to provide a copy of the amendment to the County.

10. The Proposed Stipulation states that "[n]o later than 30 days prior to closing of the Proposed Transaction, Aqua will file the Service Agreement as amended with the Commission pursuant to 66 Pa. C.S. § 507." PS, ¶3E.

11. As a matter of fact and of law, Aqua's filing of the amended Service Agreement will occur long after the evidentiary record in this proceeding closed on December 14, 2020. See Order Closing Record, dated December 21, 2020. It is likely, if not inevitable, that the Commission's review of the Exceptions and Reply Exceptions will be concluded long before Aqua files the amended Service Agreement.³

³ A final order by the Commission is required to be issued no later than March 26, 2021. RD at 1.

12. At no time has Aqua amended its Application to include the amended Service Agreement. Moreover, no existing testimony supports the Proposed Stipulation as it was not in existence when the record was created. Yet, the amended Service Agreement is a material change to Aqua's Application and has not been made available for parties to evaluate it.

13. The Proposed Stipulation does not contain any discussion as to why approval of the Proposed Stipulation would be in the public interest. Aqua, DELCORA, and SWDCMA have failed to demonstrate that the Proposed Stipulation is in the public interest.

14. Aqua's attempt to seek Commission approval of Exhibits F110 and F111 in their unamended forms while withholding the amended Service Agreement from the Commission and the parties to the proceeding is wholly improper and serves as another reason to affirm the RD and reject the Application outright.⁴

Objection No. 2 - The Proposed Stipulation is Procedurally Improper

15. The Commission's regulations provide that the proper procedure to modify an Application is through amendments, not stipulations. See 52 Pa.Code § 5.91. At no time has the amendment described in the Proposed Stipulation been filed by Aqua as an amendment to its Application.⁵

16. The Commission's regulations provide that the proper procedure to open the record for the admission of new evidence is through a petition to reopen the record. See 52 Pa.Code § 5.572(a). At no time has Aqua petitioned to reopen the record.

⁴ See *In Re Pennsylvania-American Water Co.*, 95 Pa.PUC 86 (2001) (slip op. at 2), rev'd on other grounds, *Penna. Suburban Water Co. v. Pa.PUC*, 808 A.2d 1044 (Pa.Comm. Ct. 2002) (noting that Section 507 contracts cannot be reviewed "sight unseen" and describing how ALJ Cocheres required the applicant to submit 13 Section 507 contracts for on the record review by the parties and ALJ when such contracts were not included in the application).

⁵ Moreover, Section 5.94(c) prohibits amendments late in a proceeding. 52 Pa.Code § 5.94(c) ("*Limitation*. Except as otherwise provided in this subchapter, no amendment to a pleading may be filed within 5 days preceding the commencement of or during a hearing unless directed or permitted by the Commission or the presiding officer after opportunity for all parties to be heard thereon.").

Objection No. 3 – The Proposed Stipulation Violates the Due Process Rights of Other Parties to Review and Comment on the Amendment

17. The Commonwealth Court has held that “the nonunanimous settlement process places some parties at a severe disadvantage.”⁶ The filing of the stipulation at this late juncture in the proceeding without the underlying amendment does not comport with the fundamental due process rights of the other parties in the proceeding to review and comment on the material changes to Aqua’s Application. The stipulation was purely formulaic and contained nothing of substance; the substance lies in the amendment because it will reveal any material changes to the revenue requirement, the rates of impacted non-stipulating parties, and to the DELCORA Customer Trust. The inability for parties to review and comment on material amendments to Aqua’s Application – the result of which would materially impact how rate increases are allocated across the Aqua/DELCORA footprint – constitutes “clear prejudice.”⁷

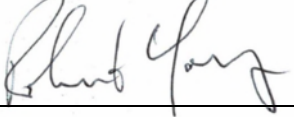
⁶ See *Hess v. Pa. PUC*, 107 A. 3d 246, 266-267, n. 12 (Pa. Cmwlth. 2014).

⁷ *Id.* at 266-267 (finding that a party “would have been very clearly prejudiced if the argument and evidence was allowed in the after the record”); see, e.g., *Patrick Rafferty v. Verizon Pennsylvania, Inc.* Docket No. F-02211831 (Order entered December 22, 2008); see also *Pa. PUC v. Verizon Pennsylvania, Inc.; Rhythms Links, Inc. v. Verizon Pennsylvania, Inc.* Docket Nos. R-00994697; R-00994697C0001 (Order entered on June 3, 2001) (“[I]nasmuch as Verizon’s Exceptions contain extra-record evidence, they are stricken and will not be used to resolve the merits of any contested matters.”); see also *Application of PPL Electric Utilities Corporation* Docket Nos. A-2011-2267349, A-2011-2267352, A-2011-2267353, A-2011-2267416, A-2011-2267418, A-2011-2267426, A-2011-2267429, A-2011-2267446, A-2011-2267448 (Order entered July 16, 2013) (finding that certain parties attempted to advance arguments not previously made and factual evidence not of record at the exceptions phase).

WHEREFORE, the County of Delaware respectfully requests that the Pennsylvania Public Utility Commission reject the proposed Joint Stipulation.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By: 

Adeolu A. Bakare (I.D. No. 208541)

Robert F. Young (I.D. No. 55816)

Kenneth R. Stark (I.D. No. 312945)

McNEES WALLACE & NURICK LLC

100 Pine Street

P.O. Box 1166

Harrisburg, PA 17108-1166

Phone: (717) 232-8000

Fax: (717) 237-5300

abakare@mcneeslaw.com

ryoung@mcneeslaw.com

kstark@mcneeslaw.com

Counsel to the County of Delaware,
Pennsylvania

Dated: February 19, 2021