

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

**Application of Aqua Pennsylvania Wastewater, Inc.
Pursuant to Sections 1102 and 1329 of the Public
Utility Code for Approval of its Acquisition of the
Wastewater System Assets of Limerick Township**

**Public Meeting July 12, 2018
2605434-OSA
Docket No. A-2017-2605434**

STATEMENT OF COMMISSIONER NORMAN J. KENNARD

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Joint Petition for Resolution of Proceedings and Amendment of the Opinions and Orders Entered November 29, 2017, and April 19, 2018 (Joint Settlement) of Aqua Pennsylvania Wastewater, Inc. (Aqua), Limerick Township (Limerick), and the Office of Consumer Advocate (OCA) (collectively, the Joint Petitioners) filed on June 7, 2018, relative to the above-captioned proceeding.

On May 19, 2017, Aqua filed an Application seeking approval of: (1) the acquisition, by Aqua, of the wastewater system assets of Limerick; (2) the right of Aqua to begin to offer, render, furnish, and supply wastewater service to the public in portions of Limerick; and (3) an order approving the acquisition that includes the ratemaking rate base of Limerick's wastewater system assets pursuant to Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329(c)(2). By Order issued on November 29, 2017 (*November 2017 Order*), and subsequently upheld on April 19, 2018 (*April 2018 Order*), the Commission ultimately approved Aqua's Application with an adjustment to the proposed rate base value and with certain conditions.

The Joint Settlement includes four main components that amend the *November 2017 Order* and *April 2018 Order* as follows: (1) Aqua will exclude the ratemaking base for the Limerick system from its next base rate case anticipated for summer of 2018; (2) Aqua will file a separate rate case for the Limerick system after June 30, 2020, which may include a consolidated water and wastewater base rate case pursuant to 66 Pa. C.S. § 1311(c); (3) parameters will be set for the types of expenses or costs that Aqua may claim for recovery in the separate rate case for the Limerick system; and (4) Aqua will agree to support certain adjustments to the utility valuation expert appraisals in future Section 1329 proceedings. Additionally, contingent upon the Commission amending its *November 2017 Order* and *April 2018 Order* consistent with the Joint Settlement terms, the OCA will withdraw its current appeal to the Commonwealth Court regarding this matter.

I heartily commend the Joint Petitioners for reaching the Joint Settlement. I agree with the Joint Petitioners that the proposed settlement terms will establish a framework for considering the costs of the Limerick wastewater system and determining Limerick system rates in a future Aqua rate proceeding. Further, I believe that the adjustments agreed upon in this

matter will create clear expectations for Section 1329 valuations in the future. I am hopeful that this clarity will encourage a smooth path forward for Section 1329 acquisitions.

Date: July 12, 2018



**NORMAN J. KENNARD
COMMISSIONER**