

# Morgan Lewis

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August 17, 2018

## VIA eFILING

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

**Re: Joint Application of Aqua Pennsylvania, Inc., and its subsidiary,  
Superior Water Company, Inc.  
Docket No. A-2018-**

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Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned matter, please find the **Joint Application of Aqua Pennsylvania, Inc. and Superior Water Company, Inc.** Enclosed is a check for \$350.00 in payment of the filing fee.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

  
Anthony C. DeCusatis

ACD/ap  
Enclosures

c: Per the Certificate of Service (w/encl.)

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subsidiary of Aqua, which Aqua acquired by stock merger approved by Order of the Commission entered September 17, 2015 in Docket Nos. A-2015-2472472 and A-2015-2472473.

**I. INTRODUCTION AND BACKGROUND**

1. The names and addresses of the Joint Applicants are:

Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

Superior Water Company, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

2. The names, business addresses, and contact information for Joint Applicants' counsel in this matter are:

Anthony C. DeCusatis, Esq.  
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*Counsel for Superior Water Company, Inc.*

3. Aqua is a Class A water utility, duly organized and existing under the laws of the Commonwealth of Pennsylvania, operating under Commission issued certificates of public convenience. Aqua serves approximately 430,000 water customers in various Counties throughout Pennsylvania, including Montgomery, Chester and Berks County.

4. Superior is a Class A water utility, duly organized and existing under the laws of the Commonwealth of Pennsylvania, operating under Commission issued certificates of public convenience. Superior serves approximately 4,300 water customers in Montgomery, Chester and Berks County.

5. Superior has operated as a separate subsidiary of Aqua since it was acquired by Aqua on January 1, 2016.<sup>1</sup> It has a separate Tariff and has filed separate annual reports, a separate Long-Term Infrastructure Improvement Plan (“LTIIP”) for its Distribution System Improvement Charge, separate earnings reports, and other Commission required filings.

6. Aqua provides certain services to Superior under Affiliated Interest Agreements (“AIA”) on file with the Commission at Docket No. G-2016-2544156. Under those AIAs, Aqua provides accounting and financial, administrative, communications, engineering, financial, fleet maintenance, lab testing, labor, legal, metering services, operation, purchasing, contracts and sales of real estate, rates and regulatory, and water quality services to Superior.

7. In the 2015 Merger Application, Aqua advised that it expected to fold Superior into Aqua at a later date.<sup>2</sup>

8. In its recent LTIIP and Annual Asset Optimization Plan filings, Superior has further stated the intention of Aqua to merge Superior into Aqua in Aqua’s next base rate case proceeding.<sup>3</sup>

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<sup>1</sup> See *Joint Application of Aqua Pennsylvania, Inc. and Superior Water Company, Inc. for Approval of the Transfer, by Merger, of All Stock and Rights of the Latter to the Former*, Docket Nos. A-2015-2472472 and A-2015-2472473, Joint Application at Appendix B (filed Mar. 17, 2015) (hereinafter referred to as “2015 Merger Application”).

<sup>2</sup> 2015 Merger Application, Joint Application at 4.

<sup>3</sup> See *Petition of Superior Water Company, Inc. for Approval of a Long-Term Infrastructure Improvement Plan*, Docket No. P-2017-2594478, Long-Term Infrastructure Improvement Plan at 1 (filed Mar. 20, 2017) and *Superior Water Company, Inc. 2017 Annual Asset Optimization Plan*, Docket No. M-2018-3000273, Annual Asset Optimization Plan at 1 and 4 (filed Mar. 1, 2018).

## **II. AQUA'S BASE RATE PROCEEDING**

9. Aqua filed its base rate case proceeding on August 17, 2018 at Docket No. R-2018-3003068, and included Superior in one of Aqua's proposed rate zones in Aqua's proposed Tariff Water – PA P.U.C. No. 2.

10. Joint Applicants will file a petition to consolidate this Joint Application with Aqua's base rate case proceeding. Any issues related to the merger of Superior into Aqua, including ratemaking and rate design consequences, can be addressed in the base rate case proceeding.

## **III. COMMISSION APPROVAL PURSUANT TO SECTION 1102 OF THE PUBLIC UTILITY CODE**

11. Section 1102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102, requires Commission approval, in the form of a certificate of public convenience, for the transfer of used or useful property, through merger, from Superior to Aqua, for Aqua to provide water service in the Superior territory and for Superior to abandon service.

12. Under Section 1103 of the Public Utility Code, 66 Pa. C.S. § 1103, the Commission may issue a certificate of public convenience if it finds that the certificate is "necessary or proper for the service accommodation, convenience, or safety of the public." *See City of York v. Pa. P.U.C.*, 449 Pa. 136, 295 A.2d 825 (1972), wherein the Pennsylvania Supreme Court explained in the context of a utility merger that the issuance of a certificate of public convenience requires the Commission to find affirmatively that public benefit will result from the merger.

13. In its Order entered September 17, 2015, the Commission concluded that the transfer of control of Superior to Aqua will enhance the services provided by Superior by giving Superior greater access to the financial and technical resources of Aqua. Relying on the public interest benefits claimed by Aqua and Superior and citing *City of York*, the Commission concluded

that the record provides substantial evidence of affirmative public benefits sufficient to warrant approval of the transaction.

14. Approval of this Joint Application and the issuance of the requested certificate of public convenience and such other approvals as may be required are “necessary or proper for the service, accommodation, convenience, or safety of the public” and will provide affirmative public benefit as the merger of Superior into Aqua, as anticipated in the 2015 Merger Application, will save the Commission and the Joint Applicants time and resources and promote administrative efficiency. Upon the folding of Superior into Aqua and after the conclusion of Aqua’s base rate case proceeding, Superior will cease providing utility service. As it will no longer exist as a public utility, Superior will no longer have a separate tariff, LTIP, annual report, earnings reports, and other Commission administrative filings. Moreover, the Commission will not have to devote scarce time and resources to reviewing these various filings.

#### **IV. COMMISSION APPROVAL PURSUANT TO SECTION 2102 OF THE PUBLIC UTILITY CODE**

15. Section 2102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102, provides for approval of the exchange of property between affiliates. As Aqua and Superior are affiliates, Joint Applicants ask that the Commission approve their merger as anticipated in the 2015 Merger Application. The public interest will benefit as set forth above.

#### **V. CONCLUSION**

WHEREFORE, Aqua Pennsylvania, Inc. and Superior Water Company, Inc. respectfully request that the Commission approve this Joint Application and:

(1) Issue Certificates of Public Convenience under Section 1102 of the Pennsylvania Public Utility Code:

(a) Authorizing the transfer to Aqua, through merger, of all property of Superior used or useful in the public service;

(b) Authorizing Aqua to begin to offer, render, furnish, and supply water service to the public in the territory currently served by Superior;

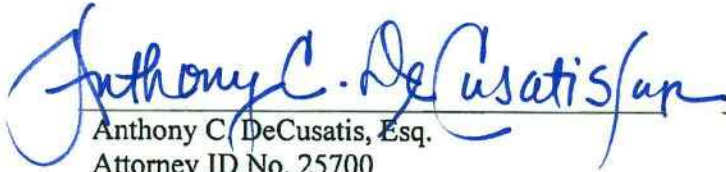
(c) Authorizing Superior to abandon its service authority and Certificate of Public Convenience to provide water service in its current service territory.

(2) Accept the tariff modification presented in Aqua's proposed Tariff Water – PA P.U.C. No. 2.

(3) Approve the merger of Superior into Aqua to the extent required by Section 2102 of the Pennsylvania Public Utility Code; and

(4) Issue such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to the folding of Superior Water Company, Inc. into Aqua Pennsylvania, Inc.

Respectfully Submitted,



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*Counsel for Superior Water Company, Inc.*

Dated: August 17, 2018



## VERIFICATION

I, William C. Packer, Vice President – Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in the foregoing Joint Application are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



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William C. Packer  
Vice President – Controller  
Aqua Pennsylvania, Inc.

Dated: August 17, 2018

## VERIFICATION

I, William C. Packer, Vice President – Controller of Superior Water Company, Inc., hereby state that the facts set forth in the foregoing Joint Application are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

A handwritten signature in blue ink that reads "William C. Packer". The signature is written in a cursive style with a horizontal line underneath it.

William C. Packer  
Vice President – Controller  
Superior Water Company, Inc.

Dated: August 17, 2018

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua Pennsylvania, :  
Inc., (“Aqua” or the “Company”) and its :  
subsidiary, Superior Water Company, Inc. :  
 (“Superior”), for the approval of: :  
 :  
(1) the transfer to Aqua, through merger, of :  
all property of Superior used or useful in the :  
public service; :                   Docket No. A-2018-\_\_\_\_\_ :  
 :  
(2) the right of Aqua to begin to offer, :  
render, furnish, and supply water service in :  
portions of Douglass, New Hanover, Lower :  
Pottsgrove, Upper Frederick, Upper :  
Pottsgrove and Worcester Townships in :  
Montgomery County; North Coventry :  
Township in Chester County; and :  
Washington Township in Berks County :  
Pennsylvania; and :                   Docket No. A-2018-\_\_\_\_\_ :  
 :  
(3) the abandonment by Superior of public :  
utility service in portions of Douglass, New :  
Hanover, Lower Pottsgrove, Upper :  
Frederick, Upper Pottsgrove and Worcester :  
Townships in Montgomery County; North :  
Coventry Township in Chester County; and :  
Washington Township in Berks County :  
Pennsylvania. :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals and in the manner listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA U.S. MAIL**

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300 North Second Street – Suite 202  
Harrisburg, PA 17101

  
Anthony C. DeCusatis

Dated: August 17, 2018