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May 7, 2019

Via Electronic Filing

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

Re: PaPUC Docket No. M-2018-2645983
Pa. P.U.C. v. North Heidelberg Sewer Company

PaPUC Docket No. I-2018-3001161
Section 529 Investigation – North Heidelberg Sewer Company

Dear Secretary Chiavetta:

We are counsel to Aqua Pennsylvania Wastewater, Inc. (“Aqua”) concerning the above matters. In its Order entered February 9, 2018, at M-2018-2645983, the Public Utility Commission identified Aqua as receiver for the North Heidelberg Sewer Company and, in Appendix 1o of that Order, directed Aqua to “[s]ubmit an initial status report with the Commission within 60 days of assuming operations and then quarterly thereafter to detail any relevant updates pursuant to duties and responsibilities assigned through receivership.” As required by subpart 1o of Appendix A, we are submitting, via electronic filing with this letter, Aqua’s Fifth Status Report dated May 6, 2019. We are also filing the Fifth Status Report at I-2018-3001161, the Section 529 Investigation Docket. Please contact me with any questions concerning this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

Enclosure

cc: The Honorable Steven K. Haas (via email, w/encl.)
Carrie B. Wright, Prosecutor (via email, w/encl.)
Christine Maloni Hoover, Senior Assistant Consumer Advocate (via email, w/encl.)
John Evans, Small Business Advocate (via email, w/encl.)
Sean Cooper, Esq. (via email, w/encl.)
Tori L. Giesler, Esq. (via email, w/encl.)
Aaron J. Beatty, Esq. (via email, w/encl.)
Susan Simms Marsh, Esq. (via email, w/encl.)
John D. Hollenbach (via email, w/encl.)
Alexander R. Stahl, Esq. (via email, w/encl.)



**FIFTH STATUS REPORT TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**NORTH HEIDELBERG SEWER COMPANY
AQUA PENNSYLVANIA WASTEWATER, INC. RECEIVERSHIP**

DOCKET NO. M-2018-2645983

DOCKET NO. I-2018-3001161

Dated: May 7, 2019

A. BACKGROUND

On February 9, 2018, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) entered an Order in Docket No. M-2018-2645983 (“February 9 Order”) naming Aqua Pennsylvania Wastewater, Inc. (“Aqua” or the “Company”) as receiver for the North Heidelberg Sewer Company (“NHSC”). Aqua was ordered to assume its receivership role on March 5, 2018. Included within the PUC’s February 9 Order, the Company was directed to “[s]ubmit an initial status report with the Commission within 60 days of assuming operations and then quarterly thereafter to detail any relevant updates pursuant to duties and responsibilities assigned through receivership.”¹

Aqua submitted its initial status report on the operations of NHSC as directed by the Commission on May 4, 2018. Aqua submitted its second status report to the Commission on August 6, 2018. Aqua submitted its third status report to the Commission on November 5, 2018. Aqua submitted its fourth status report to the Commission on February 3, 2019. Aqua now submits its fifth status report on the operations of NHSC to the Commission.

B. FIFTH STATUS REPORT

1. Operations and Capital Expenditures

On March 5, 2018, Aqua assumed its role as receiver for NHSC. Since the fourth status report, filed by Aqua on February 3, 2019, Aqua has made the following improvements to the NHSC system:

- i. Completed service of the on-site generator, including a field inspection and changed fluids in the generator.
- ii. Completed a partial replacement of the water service line to the plant due to leaks in the service line.
- iii. Replaced EQ tank grinder pump that had failed due to age of the grinder pump.
- iv. Repaired collapsed main adjacent to plant and jetted the main following repair.

There were no Pennsylvania Department of Environmental Protection (“DEP”) violations since the fourth status report from February 3, 2019.

As Aqua continues to operate the system to ensure compliance with the PUC Order, Aqua will make improvements necessary to provide quality and reliable service. Aqua will have further information on operational issues in later reports.

¹ Pa. P.U.C. v. North Heidelberg Sewer Co., Docket No. M-2018-2645983, Opinion and Order Appendix A Paragraph 1.o. (Feb. 9, 2018).

2. Financial

Aqua has developed a trial balance for NHSC for year-end 2017, which is included in this report as **Attachment A**. The trial balance includes a balance sheet and income statement as of December 31, 2017. Also included in this report as **Attachment B** is a balance sheet and income statement for NHSC as of March 5, 2018. These attachments together establish the financial position of NHSC at the time the receivership was initiated, as required in the Commission's February 8, 2018 Order, Appendix A, Paragraph 1.r.

C. CONCLUSION

Aqua will continue to investigate the system's operations and financial status, and will make necessary improvements to operate NHSC to ensure quality service to the NHSC customers for the period of its receivership duties during the 529 proceeding. Aqua will provide its next status report on or before August 5, 2019.

Attachment A

North Heidelberg Sewer Company
Balance Sheet
As of December 31, 2017
Dec 31, 17

ASSETS

Current Assets

Checking/Savings

1000 · Cash & Cash Equivalents

1006 · VIST Bank 70.32

1007 · Vist - Sewer Testing 110.00

Total 1000 · Cash & Cash Equivalents 180.32

Total Checking/Savings 180.32

Accounts Receivable

1100 · Accounts Receivable 7,288.57

Total Accounts Receivable 7,288.57

Other Current Assets

1200 · Prepaids

1203 · Prepaid Deposits 3,460.00

Total 1200 · Prepaids 3,460.00

Total Other Current Assets 3,460.00

Total Current Assets 10,928.89

Fixed Assets

1400 · Land

1401 · Cost-Land 20,000.00

Total 1400 · Land 20,000.00

1425 · Plant Improvements

1426 · Cost-Plant Improvements 28,991.00

1427 · A/D Plant Improvements -27,653.85

Total 1425 · Plant Improvements 1,337.15

1450 · Plant Expansion

1451 · Cost-Plant Expansion 206,894.24

1452 · A/D Plant Expansion -165,784.57

Total 1450 · Plant Expansion 41,109.67

1460 · Generators

1461 · Cost - Generators 13,897.04

1462 · A/D Generators -13,897.04

Total 1460 · Generators 0.00

1475 · Collection System

1476 · Cost-Collection System 172,184.37

North Heidelberg Sewer Company
Balance Sheet
As of December 31, 2017

	<u>Dec 31, 17</u>
1477 · A/D Collection System	-167,497.29
Total 1475 · Collection System	<u>4,687.08</u>
1500 · Pump Station	
1503 · Cost-Pump Station #1	3,000.00
1504 · A/D Pump Station #1	-3,000.00
1505 · Pump Station #2	42,269.82
1506 · A/D Pump Station #2	-37,485.84
1507 · Pump Station #3	1,277.43
1508 · A/D Pump Station #3	-460.27
Total 1500 · Pump Station	<u>5,601.14</u>
1510 · Equipment	
1511 · Cost - Equipment	41,367.00
1512 · A/D Equipment	-41,367.00
Total 1510 · Equipment	<u>0.00</u>
1525 · Sewer Treatment Plant	
1526 · Cost-Sewer Treatment Plant	70,000.00
1527 · A/D Sewer Treatment Plant	-70,000.00
Total 1525 · Sewer Treatment Plant	<u>0.00</u>
1550 · Maintenance Equipment	
1551 · Cost-Maintenance Equipment	7,469.10
1552 · A/D Maintenance Equipment	-5,275.60
Total 1550 · Maintenance Equipment	<u>2,193.50</u>
1575 · Office Equipment	
1576 · Cost Office Equipment	14,809.51
1577 · A/D Office Equipment	-14,809.51
Total 1575 · Office Equipment	<u>0.00</u>
1600 · Computer	
1601 · Cost-Computer Software	7,591.50
1602 · A/D Computer Software	-7,591.50
1603 · Computer Hardware	18,726.00
1604 · A/D Computer Hardware	-17,490.00
Total 1600 · Computer	<u>1,236.00</u>
1750 · Vehicles	
1751 · Cost-Vehicles	58,904.20
1752 · A/D Vehicles	-6,980.97
Total 1750 · Vehicles	<u>51,923.23</u>
Total Fixed Assets	<u>128,087.77</u>

North Heidelberg Sewer Company
Balance Sheet
As of December 31, 2017
Dec 31, 17

TOTAL ASSETS 139,016.66

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable

2001 · Accounts Payable Trade 254,772.60

2003 · Accounts Payable - Checks Held 2,317.19

Total 2000 · Accounts Payable 257,089.79

Total Accounts Payable 257,089.79

Total Current Liabilities 257,089.79

Long Term Liabilities

2200 · Long Term Liabilites

2206 · N/P - Ally ('14 F-150) 18,539.34

2207 · N/P - Ally - ('13 Explorer) 16,695.93

2213 · N/P - Petuck Capital Corp. 27,000.00

Total 2200 · Long Term Liabilites 62,235.27

2500 · Inter-company Loans Payable

2502 · Due T/F JMA, Jr. 32,319.10

2520 · Due T/F Tubin Air -63,884.78

Total 2500 · Inter-company Loans Payable -31,565.68

Total Long Term Liabilities 30,669.59

Total Liabilities 287,759.38

Equity

3100 · Common Stock Issued 176,000.00

3900 · Retained Earnings -304,008.16

Net Income -20,734.56

Total Equity -148,742.72

TOTAL LIABILITIES & EQUITY 139,016.66

North Heidelberg Sewer Company
Income Statement
As of December 31, 2017

Jan - Dec 17

Ordinary Income/Expense

Income

4000 · Operating Income	
4001 · Sewer Income	218,860.14
Total 4000 · Operating Income	<u>218,860.14</u>

4100 · Contracting Income	
4105 · Certification Income	450.00
Total 4100 · Contracting Income	<u>450.00</u>

4250 · Net EDU Income	5,000.00
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Total Income	<u><u>224,310.14</u></u>
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Gross Profit	224,310.14
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Expense

5100 · Operating Expense	
5101 · Chemicals Expense	4,542.47
5102 · Misc. Labor	19,277.44
5103 · Operating Supplies Expense	5,448.18
5104 · Permit Expense	500.00
5106 · Operating Electric Expense	22,690.19
5107 · Solid Waste Removal	7,665.25
5108 · Lab Testing	11,511.29
5123 · Equipment Rental Expense	108.50
Total 5100 · Operating Expense	<u>71,743.32</u>

5300 · Repair & Maintenance Expense	
5303 · Other Equipment Repair	168.87
5304 · Pump Equipment Repair & Maint	2,052.78
5305 · Sewer Line Repair	600.00
5307 · R&M Plant	27.98
Total 5300 · Repair & Maintenance Expense	<u>2,849.63</u>

5600 · Construction Expense	
5679 · Other Construction Costs	584.60
Total 5600 · Construction Expense	<u>584.60</u>

7000 · Admin Expenses	
7001 · Credit Card Expenses	2,068.88
7003 · Bank Service Fee Expense	852.60
7008 · Dues, Fees, & Subscriptions	427.00
7011 · Finance Charge	34,398.24
7012 · Miscellaneous Admin Expenses	1,287.79
7013 · Office R&M	21.80

**North Heidelberg Sewer Company
Income Statement
As of December 31, 2017**

Jan - Dec 17

7014 · Computer Support	165.00
7015 · Office Supplies Expense	2,028.80
7016 · Postage Expense	2,400.70
7018 · Loan Interest Expense	<u>1,810.90</u>
Total 7000 · Admin Expenses	45,461.71
7100 · Professional Fees Expense	
7101 · Accounting Fees	12,353.01
7103 · Legal Fees Expense	3,149.42
7105 · Office Admin Fees	33,180.00
7106 · Management Fees - JMA III	<u>40,947.96</u>
Total 7100 · Professional Fees Expense	89,630.39
7300 · Tax Expense	
7303 · Property Tax Expense	<u>3,835.79</u>
Total 7300 · Tax Expense	3,835.79
7400 · Insurance Expense	
7402 · Package Policy Ins Expense	2,279.60
7404 · Vehicle Insurance Expense	<u>2,702.76</u>
Total 7400 · Insurance Expense	4,982.36
7500 · Personnel Expense	
7501 · Employee Medical Expense	<u>470.00</u>
Total 7500 · Personnel Expense	470.00
7600 · Non-Operating Expenses	
7601 · Building Maint Expense	348.95
7606 · Maint. Shop Expense	842.90
7610 · PUC Assessment Fees	1,125.00
7611 · Trash Removal	614.00
7620 · Building Rent	9,365.97
7630 · Meals	<u>1,280.16</u>
Total 7600 · Non-Operating Expenses	13,576.98
7700 · Utilities Expense	
7701 · Cell Phone Expense	5,212.70
7702 · Heating Oil	2,607.16
7706 · Cable TV/Internet	4,100.31
7707 · Water Utility	121.76
7700 · Utilities Expense - Other	<u>121.29</u>
Total 7700 · Utilities Expense	12,163.22
7800 · Vehicle Expense	
7804 · Travel Expense	269.25

**North Heidelberg Sewer Company
Income Statement
As of December 31, 2017**

	<u>Jan - Dec 17</u>
7805 · Gasoline Expense	13,426.05
7806 · Vehicle Maintenance	<u>6,367.40</u>
Total 7800 · Vehicle Expense	<u>20,062.70</u>
Total Expense	<u>265,360.70</u>
Net Ordinary Income	-41,050.56
Income before income taxes	-41,050.56
Provision for income taxes	<u>-20,316.00</u>
Net Income (Loss)	<u><u>-20,734.56</u></u>

Attachment B

North Heidelberg Sewer Company
Balance Sheet
January 1, 2018 - March 5, 2018

March 5, 2018

ASSETS

Current Assets

Accounts Receivable

1100 · Accounts Receivable 5,232.21

Total Accounts Receivable 5,232.21

Other Current Assets

1200 · Prepays

1203 · Prepaid Deposits 3,460.00

Total 1200 · Prepays 3,460.00

Total Other Current Assets 3,460.00

Total Current Assets 8,692.21

Fixed Assets

1400 · Land

1401 · Cost-Land 20,000.00

Total 1400 · Land 20,000.00

1425 · Plant Improvements

1426 · Cost-Plant Improvements 28,991.00

1427 · A/D Plant Improvements -27,653.85

Total 1425 · Plant Improvements 1,337.15

1450 · Plant Expansion

1451 · Cost-Plant Expansion 206,894.24

1452 · A/D Plant Expansion -165,784.57

Total 1450 · Plant Expansion 41,109.67

1460 · Generators

1461 · Cost - Generators 13,897.04

1462 · A/D Generators -13,897.04

Total 1460 · Generators 0.00

1475 · Collection System

1476 · Cost-Collection System 172,184.37

1477 · A/D Collection System -167,497.29

Total 1475 · Collection System 4,687.08

1500 · Pump Station

1503 · Cost-Pump Station #1 3,000.00

1504 · A/D Pump Station #1 -3,000.00

1505 · Pump Station #2 42,269.82

1506 · A/D Pump Station #2 -37,485.84

North Heidelberg Sewer Company
Balance Sheet
January 1, 2018 - March 5, 2018

	<u>March 5, 2018</u>
1507 · Pump Station #3	1,277.43
1508 · A/D Pump Station #3	-460.27
Total 1500 · Pump Station	<u>5,601.14</u>
1510 · Equipment	
1511 · Cost - Equipment	41,367.00
1512 · A/D Equipment	-41,367.00
Total 1510 · Equipment	<u>0.00</u>
1525 · Sewer Treatment Plant	
1526 · Cost-Sewer Treatment Plant	70,000.00
1527 · A/D Sewer Treatment Plant	-70,000.00
Total 1525 · Sewer Treatment Plant	<u>0.00</u>
1550 · Maintenance Equipment	
1551 · Cost-Maintenance Equipment	12,302.86
1552 · A/D Maintenance Equipment	-5,275.60
Total 1550 · Maintenance Equipment	<u>7,027.26</u>
1575 · Office Equipment	
1576 · Cost Office Equipment	14,809.51
1577 · A/D Office Equipment	-14,809.51
Total 1575 · Office Equipment	<u>0.00</u>
1600 · Computer	
1601 · Cost-Computer Software	7,591.50
1602 · A/D Computer Software	-7,591.50
1603 · Computer Hardware	18,726.00
1604 · A/D Computer Hardware	-17,490.00
Total 1600 · Computer	<u>1,236.00</u>
1750 · Vehicles	
1751 · Cost-Vehicles	58,904.20
1752 · A/D Vehicles	-6,980.97
Total 1750 · Vehicles	<u>51,923.23</u>
Total Fixed Assets	<u>132,921.53</u>
TOTAL ASSETS	<u><u>141,613.74</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	

**North Heidelberg Sewer Company
Balance Sheet
January 1, 2018 - March 5, 2018**

	March 5, 2018
2001 · Accounts Payable Trade	261,956.35
Total 2000 · Accounts Payable	261,956.35
Total Accounts Payable	261,956.35
Total Current Liabilities	261,956.35
Long Term Liabilities	
2200 · Long Term Liabilites	
2206 · N/P - Ally ('14 F-150)	18,253.02
2207 · N/P - Ally - ('13 Explorer)	16,444.76
2213 · N/P - Petuck Capital Corp.	27,000.00
Total 2200 · Long Term Liabilites	61,697.78
2500 · Inter-company Loans Payable	
2502 · Due T/F JMA, Jr.	34,976.33
2520 · Due T/F Tubin Air	-63,984.78
Total 2500 · Inter-company Loans Payable	-29,008.45
Total Long Term Liabilities	32,689.33
Total Liabilities	294,645.68
Equity	
3100 · Common Stock Issued	176,000.00
3900 · Retained Earnings	-324,742.72
Net Income	-4,289.22
Total Equity	-153,031.94
TOTAL LIABILITIES & EQUITY	141,613.74

North Heidelberg Sewer Company
Balance Sheet
January 1, 2018 through March 5, 2018
Jan - Mar 5, 2018

Ordinary Income/Expense	
Income	
4000 · Operating Income	
4001 · Sewer Income	35,916.46
Total 4000 · Operating Income	<u>35,916.46</u>
4100 · Contracting Income	
4105 · Certification Income	75.00
Total 4100 · Contracting Income	<u>75.00</u>
Total Income	<u>35,991.46</u>
Gross Profit	35,991.46
Expense	
5100 · Operating Expense	
5101 · Chemicals Expense	602.50
5102 · Misc. Labor	1,132.00
5103 · Operating Supplies Expense	304.61
5106 · Operating Electric Expense	3,669.96
5107 · Solid Waste Removal	839.40
5108 · Lab Testing	1,906.00
Total 5100 · Operating Expense	<u>8,454.47</u>
5300 · Repair & Maintenance Expense	
5303 · Other Equipment Repair	415.59
5304 · Pump Equipment Repair & Maint	1,157.27
5305 · Sewer Line Repair	569.41
5307 · R&M Plant	184.86
Total 5300 · Repair & Maintenance Expense	<u>2,327.13</u>
7000 · Admin Expenses	
7001 · Credit Card Expenses	466.72
7003 · Bank Service Fee Expense	106.80
7011 · Finance Charge	6,059.49
7012 · Miscellaneous Admin Expenses	127.20
7015 · Office Supplies Expense	204.14
7016 · Postage Expense	517.50
7018 · Loan Interest Expense	190.00
Total 7000 · Admin Expenses	<u>7,671.85</u>
7100 · Professional Fees Expense	
7101 · Accounting Fees	3,060.00
7105 · Office Admin Fees	1,830.50
7106 · Management Fees - JMA III	11,118.43
	<u>11,118.43</u>

North Heidelberg Sewer Company
Balance Sheet
January 1, 2018 through March 5, 2018

Jan - Mar 5, 2018

Total 7100 · Professional Fees Expense	16,008.93
7400 · Insurance Expense	
7404 · Vehicle Insurance Expense	634.72
Total 7400 · Insurance Expense	634.72
7500 · Personnel Expense	
7501 · Employee Medical Expense	15.00
Total 7500 · Personnel Expense	15.00
7600 · Non-Operating Expenses	
7611 · Trash Removal	222.75
7620 · Building Rent	835.59
7630 · Meals	90.45
Total 7600 · Non-Operating Expenses	1,148.79
7700 · Utilities Expense	
7701 · Cell Phone Expense	635.31
7706 · Cable TV/Internet	326.80
7707 · Water Utility	43.48
Total 7700 · Utilities Expense	1,005.59
7800 · Vehicle Expense	
7805 · Gasoline Expense	2,841.75
7806 · Vehicle Maintenance	1,914.45
Total 7800 · Vehicle Expense	4,756.20
Total Expense	42,022.68
Net Ordinary Income	-6,031.22
Net Income before income taxes	-6,031.22
Provision for income taxes	-1,742.00
Net Income (Loss)	-4,289.22