
Garrett P. Lent
Associate

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File #: 181816

June 23, 2021

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of Twin Lakes Utilities, Inc. for a Commission Order Authorizing the
Acquisition of Twin Lakes Utilities, Inc. by a Capable Public Utility Pursuant to 66
Pa.C.S. § 529
Docket No. P-2020-3020914**

Dear Secretary Chiavetta:

Pursuant to Ordering Paragraph 14 of the Opinion and Order of the Pennsylvania Public Utility Commission (“Commission”) entered in the above-captioned proceeding on January 14, 2021 (“*Receivership Order*”), enclosed for filing is the Second Status Report of Aqua Pennsylvania, Inc. (“Aqua”) on the operations of the water system of Twin Lakes Utilities, Inc. (“TLU”). Copies of this status report are being served upon the Water and Wastewater Section of the Commission’s Bureau of Technical Utility Services consistent with Ordering Paragraph 14 of the *Receivership Order*, and as indicated on the Certificate of Service.

Please direct any questions you may have regarding the enclosed filing to the undersigned counsel.

Rosemary Chiavetta, Secretary
June 23, 2021
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Garrett P. Lent". The signature is fluid and cursive, with a large initial "G" and "L".

Garrett P. Lent

GPL/kl
Attachment

cc: Honorable Joel H. Cheskis
Dan Searfoorce - TUS
Sean Donnelly - TUS
Patricia Wiedt – Law Bureau
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL ONLY

Lauren M. Burge, Esquire
Eckert Seamans Cherin & Mellott, LLC
U.S. Steel Tower
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com

Eric Bartolacci, Esquire
Department of Environmental Protection
Office of Field Operations
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Swiftwater, PA 18370
ebartolacc@pa.gov

Jay L. Kooper, General Counsel
Twin Lakes Utilities Inc.
485C Route One South, Suite 400
Iselin, NJ 08830
jkooper@middlesexwater.com

John H. Klemeyer, Esquire
108 Tulip Circle
Shohola, PA 18458
klemeyerjohn@gmail.com
Counsel for Water Authority of Borough of Milford

Christine M. Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101
choover@paoca.org

Scott B. Granger, Esquire
Bureau of Investigation and Enforcement
400 North Street – 2nd floor West
Harrisburg, PA 17120
sgranger@pa.gov



Date: June 23, 2021

Garrett P. Lent



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

TWIN LAKES UTILITIES, INC.
AQUA PENNSYLVANIA, INC., AS RECEIVER

DOCKET NO. P-2020-3020914

Dated: June 23, 2021

A. BACKGROUND

On July 16, 2020, Twin Lakes Utilities, Inc. (“TLU”) filed a Petition for a Commission Order authorizing the acquisition of TLU by another capable public utility pursuant to Section 529 of the Public Utility Code¹ (“TLU Petition”). The TLU Petition was filed as a result of Middlesex Water Company (“Middlesex”), the parent company of TLU, terminating its Service Agreement with TLU. While Aqua Pennsylvania, Inc. (“Aqua” of the “Company”) ultimately opposes the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) ordering Aqua to acquire the TLU system, Aqua agreed to act as Receiver for the TLU system during the pendency of the Section 529 proceeding.²

On December 31, 2020 Deputy Chief Administrative Law Judge Joel H. Cheskis issued an Order Certifying Material Question to the Commission regarding Aqua’s status as Receiver. On January 14, 2021 the Commission entered an Opinion and Order in Docket No. P-2020-3020914 (“Receivership Order”) naming Aqua as Receiver for TLU.³ Aqua was directed to assume its Receivership role on January 15, 2021.⁴ Included within the PUC’s Receiver Order, the Company was directed to “[s]ubmit an initial status report to 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 and that copies of the status report and quarterly updates shall be served upon the Water and Wastewater Section of the Commission’s Bureau of Technical Utility Services.”⁵

Aqua submitted its Initial Status Report to the Commission on March 16, 2021. On April 22, 2021, the Administrative Law Judge issued a Recommended Decision that recommends the Commission order Aqua to acquire the TLU system subject to the condition that within thirty (30) days after the Commission’s final action in this proceeding Middlesex place in escrow \$1,675,000 to be used to offset the costs of replacing and remediating the existing infrastructure of the TLU system.⁶ Exceptions to the Recommended Decision were filed by Aqua and TLU on May 13, 2021. Replies to Exceptions were Filed by Aqua, TLU, the Commission’s Bureau of Investigation and Enforcement, and the Office of Consumer Advocate on May 25, 2021. Aqua now submits its Second Status Report (“Status Report”) on the operations of TLU as directed by the Commission.

¹ 66 Pa. C.S. § 529.

² See Aqua Letter of December 16, 2020 filed in this Docket whereby Aqua indicated it would be willing to act as receiver effective January 4, 2021. Subsequently, on December 22, 2020, Aqua filed a letter with the Commission which advised the Commission that Aqua was willing to act as receiver effective January 15, 2021, in order to accommodate Commission review of Aqua’s proposal at the January 14, 2021 public meeting.

³ Petition of Twin Lakes Utilities, Inc. for a Commission Order Authorizing the Acquisition of Twin Lakes Utilities, Inc. by a Capable Public Utility Pursuant to 66 Pa. C.S. § 529, Docket No. P-2020-3020914, Opinion and Order, Ordering Paragraph 2 (January 14, 2021) (hereinafter “Receivership Order”).

⁴ Id.

⁵ Id. Ordering Paragraph No. 14.

⁶ Recommended Decision at 70.

B. SECOND STATUS REPORT

1. Financial

The Receivership Order directed Aqua to establish the financial position of TLU at the time Aqua assumed its Receivership role.⁷ Middlesex provided Aqua with a Trial Balance as of December 31, 2020 and updated as of January 15, 2021 which was provided to the Commission in the Initial Status Report. Aqua will continue to track expenses and capital improvements related to the TLU system through deferred accounting treatment via establishment of a regulatory asset in accordance with Aqua's Receivership duties.⁸

Additionally, Aqua would like to continue to raise a concerning issue and disagreement regarding certain invoices that were forwarded from Middlesex for payment by Aqua. Aqua has received several requests from Middlesex for payment of certain invoices related to legal representation in this proceeding, interest on outstanding promissory notes, and a billing related invoice, included as **REDACTED Attachment A**, **Attachment B**, and **Attachment C**, respectively.

Middlesex has sent multiple invoices to Aqua asking that Aqua pay for the legal fees incurred by TLU for the docketed proceeding it chose to file at the PUC. Aqua does not believe that it should be required to pay for the legal fees incurred in the name of TLU to bring an action under Section 529 because of Middlesex's unilateral decision to terminate its service agreement with its subsidiary, TLU.

Middlesex also sent Aqua multiple invoices for interest charged on promissory notes outstanding between Middlesex and TLU, which contributed to TLU filing the petition in this proceeding – that TLU did not have funds sufficient to make payments on the promissory notes. As Aqua noted in its Main and Reply Briefs filed in this proceeding as well as its Exceptions and Replies to Exceptions, it appears that Middlesex is attempting to utilize the Section 529 process to extract additional value out of the TLU water system than it would have otherwise been able to in a voluntarily negotiated, arms-length transaction. Middlesex's attempt to force Aqua to pay the interest on promissory notes outstanding between Middlesex and TLU highlight's the validity of Aqua's concerns. Having succeeded in relieving itself of operating the water system via Aqua's Receivership, Middlesex now improperly seeks to extract the funds it previously failed to recover from TLU. This is not a proper use of the Section 529 process. The effect of this is that Aqua is now operating in the red at the expense of this filing.

Finally, Middlesex has requested that Aqua pay its billing vendor, KUBRA, for removing TLU data from the billing vendor's system. As described in this proceeding, TLU relied on Middlesex for its customer service functions and Middlesex terminated the Service Agreement that permitted it to provide these functions to Middlesex. This is a cost that clearly should be borne by Middlesex; as it is the party that terminated the agreement, it should bear any costs it incurs due to such termination.

⁷ Receivership Order, Ordering Paragraph 2, Appendix A Paragraph 1.q.

⁸ Receivership Order, Ordering Paragraph 2, Appendix A Paragraphs 1.r and 1.s.

Aqua has refused to pay these invoices and will continue to do so unless ordered to pay them by the Commission. The Company seeks clarification and input from the Commission on this matter.

2. Operations and Capital Expenditures

On January 15, 2021, Aqua began its Receivership duties for the TLU system. Since Aqua's last status report, Aqua has completed the following improvements to the TLU system:

- i. Replaced the chemical feed pump at the well.
- ii. Conducted leak detection throughout the system and repaired several leaks. These repairs resulted in reduction in well production from 55,000 gallons per day to 30,000 gallons per day.

The TLU system had no Department of Environmental Protection violations or significant operational changes since the last status report.

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

C. CONCLUSION

Aqua will continue to investigate the system's operations and financial status and will make necessary improvements to operate the TLU system to ensure quality service to the TLU customers for the period of its Receivership duties during the Section 529 proceeding. Aqua will provide an update to this Status Report on or before September 21, 2021.

REDACTED ATTACHMENT A



Eckert Seamans Cherin & Mellott, LLC
U.S. Steel Tower
600 Grant Street, 44th Floor
Pittsburgh, PA 15219

TEL 412 566 6000
FAX 412 566 6099
www.eckertseamans.com

TWIN LAKES UTILITIES, INC.
C/O JAY KOOPER - SECRETARY
485C ROUTE 1, SUITE 400
ISELIN, NJ 08803
VIA EMAIL: jkooper@middlesexwater.com

MATTER: 315946-00001

INVOICE: 1622704

MAY 12, 2021

PAYMENT DUE WITHIN 30 DAYS
OF INVOICE DATE

REGARDING: 529 PROCEEDING

TOTAL FEES FOR PROFESSIONAL SERVICES THROUGH: 04/30/21 \$8,222.50

TOTAL BILL AMOUNT FOR INVOICE # 1622704 \$8,222.50

PLEASE INCLUDE THE INVOICE # ON YOUR REMITTANCE AND MAIL TO:

ECKERT SEAMANS CHERIN & MELLOTT, LLC
P.O. BOX 643187
PITTSBURGH, PA 15264-3187
TELEPHONE 412/566-6000 FACSIMILE 412/566-6099
TAX I.D. #25-1056909



Eckert Seamans Cherin & Mellott, LLC
U.S. Steel Tower
600 Grant Street, 44th Floor
Pittsburgh, PA 15219

TEL 412 566 6000
FAX 412 566 6099
www.eckertseamans.com

TWIN LAKES UTILITIES, INC.
RE: 529 PROCEEDING
MAY 12, 2021
PAGE: 2

CLIENT: 315946
MATTER: 315946-00001
INVOICE: 1622704 NJK

DATE ATTY DESCRIPTION HOURS



FEEES: 8,222.50

TIME SUMMARY

TIMEKEEPER	HOURS	RATE	AMOUNT
[REDACTED]	[REDACTED]	[REDACTED]	8,222.50
TOTAL FEES FOR PROFESSIONAL SERVICES RENDERED THROUGH: 04/30/21 [REDACTED] HRS			\$8,222.50
TOTAL BILL:			\$8,222.50

ATTACHMENT B

INVOICE

MIDDLESEX WATER COMPANY
Attention: Tracy Tyrell
485C Route 1 South Suite 400
ISELIN, NEW JERSEY 08830
(732) 634-1500

INVOICE NUMBER: TLU 03-2021
DATE: 04/08/2021

TO: [Twin Lakes Utilities, Inc.](#)
[485C Route One South, Suite 400](#)
[Iselin, NJ 08830](#)

DESCRIPTION OF CHARGES

AMOUNT

Monthly Interest on Promissory Notes Outstanding (March 2021)

AMOUNT OF PROMISSORY NOTE	INTEREST RATE PER YEAR	DAYS	ANNUAL INTEREST	MONTHLY INTEREST
\$ 1,000,000.00	7.00%	31	\$ 70,000.00	\$ 6,027.78
\$ 1,165,486.00	7.00%	31	\$ 81,584.02	7,025.29
\$ 313,586.51	7.00%	31	\$ 21,951.06	1,890.23
				\$ 14,943.30

TOTAL DUE:

\$ 14,943.30

*****INVOICE DUE UPON RECEIPT*****

INVOICE

MIDDLESEX WATER COMPANY
Attention: Tracy Tyrell
485C Route 1 South Suite 400
ISELIN, NEW JERSEY 08830
(732) 634-1500

INVOICE NUMBER: TLU 05-2021
DATE: 06/06/2021

TO: [Twin Lakes Utilities, Inc.](#)
[485C Route One South, Suite 400](#)
[Iselin, NJ 08830](#)

DESCRIPTION OF CHARGES

AMOUNT

Monthly Interest on Promissory Notes Outstanding (May 2021)

AMOUNT OF PROMISSORY NOTE	INTEREST RATE PER YEAR	DAYS	ANNUAL INTEREST	MONTHLY INTEREST
\$ 1,000,000.00	7.00%	31	\$ 70,000.00	\$ 6,027.78
\$ 1,165,486.00	7.00%	31	\$ 81,584.02	7,025.29
\$ 371,697.56	7.00%	31	\$ 26,018.83	2,240.51
				\$ 15,293.58

TOTAL DUE:

\$ 15,293.58

*****INVOICE DUE UPON RECEIPT*****

ATTACHMENT C



KUBRA HEAD OFFICE

5050 TOMKEN ROAD MISSISSAUGA, ON L4W 5B1

CANADA

Phone: 1-800-766-6616

INVOICE

INVOICE NO:	167557
INVOICE DATE:	6/1/2021
TERMS:	On Receipt
APPLICATION NAME:	idoxs
PO#:	

SOLD TO:

Twin Lakes Utilities, Inc.
Attn: Joe Herits
1500 485C Route 1 South,
Suite 400.
Iselin, NJ 08830

SHIP TO:

Attn: Accounts Payables
1500 Ronson Road
Iselin, NJ 08830-3020

FEDERAL ID: 13-3807620

ITEM DESCRIPTION	TAX	QUANTITY	UNIT PRICE	EXT AMOUNT
Billable Support Cases	E	10.00	200.000000	2,000.00

REMIT TO:

Kubra Data Transfer Ltd
PO Box 90006
Prescott, AZ 86304-9006
USA

SUBTOTAL:	US\$ 2,000.00
TAX:	US\$
INVOICE TOTAL:	US\$ 2,000.00