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File #: 181816

December 20, 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 Fourth 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
December 20, 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

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Date: December 20, 2021



Garrett P. Lent



FOURTH STATUS REPORT
TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCKET NO. P-2020-3020914

Dated: December 20, 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 submitted its Second Status Report on June 23, 2021. Aqua submitted its Third Status Report on September 21, 2021. Aqua now submits its Fourth 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. FOURTH 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 interest on outstanding promissory notes, included as **Attachment A**. Aqua continues to disagree that it should pay these promissory notes for the reasons set forth in Aqua's Second Status Report to the Commission.

2. Operations and Capital Expenditures

On January 15, 2021, Aqua began its Receivership duties for the TLU system. Since Aqua's last status report, there have been no significant capital improvements made to the system.

The TLU system had no Department of Environmental Protection violations since the last status report. Aqua will be submitting a revised Comprehensive Monitoring Plan with DEP as Well #1 is offline and unable to collect samples. Well #1 will also be placed in reserve status.

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 provide 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 March 21, 2022.

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.

ATTACHMENT A

INVOICE

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

INVOICE NUMBER: TLU 09-2021
DATE: 10/13/2021

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

DESCRIPTION OF CHARGES

AMOUNT

Monthly Interest on Promissory Notes Outstanding (September 2021)

| AMOUNT OF PROMISSORY NOTE | INTEREST RATE PER YEAR | DAYS | ANNUAL INTEREST | MONTHLY INTEREST |
|---------------------------------|------------------------------|------|--------------------|---------------------|
| \$ 1,000,000.00 | 7.00% | 30 | \$ 70,000.00 | \$ 5,833.33 |
| \$ 1,165,486.00 | 7.00% | 30 | \$ 81,584.02 | 6,798.67 |
| \$ 432,766.77 | 7.00% | 30 | \$ 30,293.67 | 2,524.47 |
| | | | | \$ 15,156.47 |

TOTAL DUE:

\$ 15,156.47

*****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 10-2021
DATE: 11/16/2021

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

DESCRIPTION OF CHARGES

AMOUNT

[Monthly Interest on Promissory Notes Outstanding \(October 2021\)](#)

| 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 |
| \$ 447,874.61 | 7.00% | 31 | \$ 31,351.22 | 2,699.69 |
| | | | | <u>\$ 15,752.76</u> |

TOTAL DUE:

\$ 15,752.76

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