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Garrett P. Lent  
Associate

glent@postschell.com  
717-612-6032 Direct  
717-731-1979 Direct Fax  
File #: 181282

March 21, 2022

***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**

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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 Fifth Status Report of Aqua Pennsylvania, Inc. on the operations of the water system of Twin Lakes Utilities, Inc. Copies of this Fifth 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  
March 21, 2022  
Page 2

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Garrett P. Lent".

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, 44<sup>th</sup> Floor  
Pittsburgh, PA 15219  
[lburge@eckertseamans.com](mailto:lburge@eckertseamans.com)

Jay L. Kooper, General Counsel  
Twin Lakes Utilities Inc.  
485C Route One South, Suite 400  
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[jkooper@middlesexwater.com](mailto:jkooper@middlesexwater.com)

Christine M. Hoover, Esquire  
Lauren Guerra, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place – 5<sup>th</sup> Floor  
Harrisburg, PA 17101  
[choover@paoca.org](mailto:choover@paoca.org)  
[lguerra@paoca.org](mailto:lguerra@paoca.org)

Scott B. Granger, Esquire  
Bureau of Investigation and Enforcement  
400 North Street – 2<sup>nd</sup> floor West  
Harrisburg, PA 17120  
[sgranger@pa.gov](mailto:sgranger@pa.gov)

Eric Bartolacci, Esquire  
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Office of Field Operations  
2174B Route 611  
Swiftwater, PA 18370  
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[ccoyle@eckertseamans.com](mailto:ccoyle@eckertseamans.com)

Date: March 21, 2022

  
\_\_\_\_\_  
Garrett P. Lent



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

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

DOCKET NO. P-2020-3020914

**Dated: March 21, 2022**

## 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 Code<sup>1</sup> (“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.

On August 19, 2020, the Office of Consumer Advocate requested that Aqua Pennsylvania, Inc. (“Aqua” of the “Company”) become the receiver for this system. Aqua, initially, requested additional time to better understand the operations of the TLU. After a 90 day due diligence review and proactively working with the parties, Aqua voluntarily agreed to act as Receiver and was authorized to voluntarily act as Receiver on January 14, 2021.

While Aqua ultimately opposes the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) ordering Aqua to acquire the TLU system under the unique nature of these facts, the Company highlights that it voluntarily agreed to act as Receiver for the TLU system during the pendency of the Section 529 proceeding.<sup>2</sup>

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.<sup>3</sup> Aqua was directed to assume its Receivership role on January 15, 2021.<sup>4</sup> 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.”<sup>5</sup> Thereafter, 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 stated TLU was a troubled system and recommended 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.<sup>6</sup> Exceptions to the

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<sup>1</sup> 66 Pa. C.S. § 529.

<sup>2</sup> 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.

<sup>3</sup> 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”).

<sup>4</sup> Id.

<sup>5</sup> Id. Ordering Paragraph No. 14.

<sup>6</sup> Recommended Decision at 70.

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 submitted its Fourth Status Report on December 20, 2021.

Aqua now submits its Fifth Status Report (“Status Report”) on the operations of TLU as directed by the Commission.

## **B. FIFTH STATUS REPORT**

### **1. Financial**

The Receivership Order directed Aqua to establish the financial position of TLU at the time Aqua assumed its Receivership role.<sup>7</sup> 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.<sup>8</sup>

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. Troubled System Operations and Capital Expenditures**

The Company is using internal resources to operate and maintain this troubled water system. Since the last update, the Company notes that TLU was in violation of the lead and copper rule upon Aqua’s voluntary Receivership status. Based on Aqua’s knowledge, TLU did not take any actions to address this prior to Aqua’s voluntary Receivership. Since then, Aqua has had to hire and work with a consulting engineer to put together a feasibility analysis to address this issue. The Company is currently handling this water quality issue.

In addition, since Aqua’s Receivership began, it has come to light that TLU was not previously in compliance with DEP’s requirement to have an uninterrupted system service plan (USSP). This requires a plan to address supply issue if the power provider has service disruptions. The USSP required either adequate storage to get through power failure or having a backup generator. Since TLU does not have adequate water storage or an emergency backup generator, this is a lingering issue that will need to be addressed.

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<sup>7</sup> Receivership Order, Ordering Paragraph 2, Appendix A Paragraph 1.q.

<sup>8</sup> Receivership Order, Ordering Paragraph 2, Appendix A Paragraphs 1.r and 1.s.

Aqua submitted a revised Comprehensive Monitoring Plan with DEP as Well #1 is offline and unable to collect samples. DEP provided a Water Supply Permit which noted the reserve designation for Well #1, included as **Attachment B**.

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. Aqua underscores the significant impact and distraction this system continue to be for its operational and administrative staff.

### **3. Settlement Discussions**

Per the direction of the Commission's order, the Company has engaged in good faith settlement negotiations and made an offer to the Middlesex. No response has been received to date.

### **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 June 20, 2022.

**IN THE  
COMMONWEALTH COURT OF PENNSYLVANIA**

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Twin Lakes Utilities, Inc.	:	
	:	
Petitioner	:	
	:	
v.	:	No. 1289 CD 2021
	:	
Pennsylvania Public Utility Commission,	:	
Respondent	:	
	:	<b>(CONSOLIDATED)</b>
Aqua Pennsylvania, Inc.	:	
	:	
Petitioner	:	
	:	
v.	:	No. 1359 CD 2021
	:	
Pennsylvania Public Utility Commission :	:	

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**CERTIFICATE OF COMPLIANCE**

I certify that this filing complies with the provisions of the *Case Records Public Access Policy of the Unified Judicial System of Pennsylvania* that require filing confidential information and documents differently than non-confidential information and documents.



Alexander R. Stahl (ID # 317012)  
Regulatory Counsel  
Aqua Pennsylvania, Inc.

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Michael W. Hassell (ID # 34851)  
James J. Kutz, Esquire (ID # 21589)  
Erin R. Kawa, Esquire (ID # 308302)

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Date: March 21, 2022

*Counsel for Aqua Pennsylvania, Inc.*

**IN THE  
COMMONWEALTH COURT OF PENNSYLVANIA**

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Twin Lakes Utilities, Inc.	:	
	:	
Petitioner	:	
	:	
v.	:	No. 1289 CD 2021
	:	
Pennsylvania Public Utility Commission,	:	
Respondent	:	
	:	<b>(CONSOLIDATED)</b>
Aqua Pennsylvania, Inc.	:	
	:	
Petitioner	:	
	:	
v.	:	No. 1359 CD 2021
	:	
Pennsylvania Public Utility Commission :	:	

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**PROOF OF SERVICE**

I hereby certify that a true and correct copy of the foregoing documents have been served upon the following persons, in the manner indicated, in accordance with the requirements of Pa.R.A.P. 121 and 1514.

**VIA EMAIL AND FIRST-CLASS MAIL**

Casey Alan Coyle, Esquire  
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Garrett P. Lent (ID # 321566)  
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E-mail: [glent@postschell.com](mailto:glent@postschell.com)

Date: March 21, 2022

*Counsel for Aqua Pennsylvania, Inc.*

# 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 11-2021  
DATE: 01/06/2022

TO: **Twin Lakes Utilities, Inc.**  
**485C Route One South, Suite 400**  
**Iselin, NJ 08830**

DESCRIPTION OF CHARGES

AMOUNT

**Monthly Interest on Promissory Notes Outstanding (November 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
\$ 463,627.37	7.00%	30	\$ 32,453.92	2,704.49
				<u>\$ 15,336.49</u>

**TOTAL DUE:**

\$ 15,336.49

**\*\*\*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 12-2021  
DATE: 01/20/2022

TO: **Twin Lakes Utilities, Inc.**  
**485C Route One South, Suite 400**  
**Iselin, NJ 08830**

DESCRIPTION OF CHARGES

AMOUNT

**Monthly Interest on Promissory Notes Outstanding (December 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
\$ 478,963.86	7.00%	31	\$ 33,527.47	2,887.09
				<b>\$ 15,940.16</b>

**TOTAL DUE:**

**\$ 15,940.16**

**\*\*\*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 01-2022  
DATE: 03/08/2022

TO: **Twin Lakes Utilities, Inc.**  
**485C Route One South, Suite 400**  
**Iselin, NJ 08830**

DESCRIPTION OF CHARGES

AMOUNT

**Monthly Interest on Promissory Notes Outstanding (January 2022)**

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
\$ 498,102.23	7.00%	31	\$ 34,867.16	3,002.45
				<b>\$ 16,055.52</b>

**TOTAL DUE:**

**\$ 16,055.52**

**\*\*\*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 02-2022  
DATE: 03/08/2022

TO: **Twin Lakes Utilities, Inc.  
485C Route One South, Suite 400  
Iselin, NJ 08830**

**DESCRIPTION OF CHARGES**

**AMOUNT**

**Monthly Interest on Promissory Notes Outstanding (February 2022)**

AMOUNT OF PROMISSORY NOTE	INTEREST RATE PER YEAR	DAYS	ANNUAL INTEREST	MONTHLY INTEREST
\$ 1,000,000.00	7.00%	28	\$ 70,000.00	\$ 5,444.44
\$ 1,165,486.00	7.00%	28	\$ 81,584.02	6,345.42
\$ 514,157.75	7.00%	28	\$ 35,991.04	2,799.30
				<u>\$ 14,589.16</u>

**TOTAL DUE:**

\$ 14,589.16

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

# ATTACHMENT B



VIA ELECTRONIC MAIL

January 28, 2022

Joshua Shoff, Project Engineer  
Aqua Pennsylvania, Inc.  
1 Aqua Way  
White Haven, PA 18661

Re: Public Water Supply Operation Permit No. 2520051  
Aqua Pennsylvania, Inc. as Receiver for Twin Lakes Water System  
Reserve Designation for Well No. 1  
PWS ID No. 2520051  
APS ID 1054889, AUTH ID 1381873  
Shohola Township, Pike County

Dear Mr. Shoff:

The subject permit is enclosed.

Any person aggrieved by this action may appeal the action to the Environmental Hearing Board (Board) pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. § 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A. The Board's address is:

Environmental Hearing Board  
Rachel Carson State Office Building, Second Floor  
400 Market Street  
P.O. Box 8457  
Harrisburg, PA 17105-8457

TDD users may contact the Environmental Hearing Board through the Pennsylvania Relay Service, 800-654-5984.

Appeals must be filed with the Board within 30 days of receipt of notice of this action unless the appropriate statute provides a different time. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

A Notice of Appeal form and the Board's rules of practice and procedure may be obtained online at <http://ehb.courtapps.com> or by contacting the Secretary to the Board at 717-787-3483. The Notice of Appeal form and the Board's rules are also available in braille and on audiotape from the Secretary to the Board.

IMPORTANT LEGAL RIGHTS ARE AT STAKE. YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD AT 717-787-3483 FOR MORE INFORMATION. YOU DO NOT NEED A LAWYER TO FILE A NOTICE OF APPEAL WITH THE BOARD.

**IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST BE FILED WITH AND RECEIVED BY THE BOARD WITHIN 30 DAYS OF RECEIPT OF NOTICE OF THIS ACTION.**

Please study the permit carefully and direct any questions to Ryan Fox of this office via email at ryanfox@pa.gov.

Sincerely,

*Brian T. Yagiello*

Brian T. Yagiello  
Environmental Program Manager  
Safe Drinking Water Program

Enclosure

cc: Judy Musselman, GHD (via email)



**SPECIAL CONDITIONS**

- A. This Operation Permit is issued subject to all Department of Environmental Protection Rules and Regulations now in force and the following Special Conditions:
1. Well No. 1 (Source 001) is designated as a reserve source. Water from Well No. 1 (Source 001) may not be served to the public without prior written approval from the Department.
  2. The permittee shall obtain an emergency permit from the Department prior to use of Well No. 1 (Source 001). The application shall include:
    - a. The emergency permit application that meets the requirements in 25 PA Code, Chapter 109.506.
    - b. The appropriate emergency permit fee.
    - c. Proof that requirements set forth in 25 PA Code, Chapter 109.703(d) of the Safe Drinking Water regulations, have been met.
    - d. A detailed simultaneous compliance evaluation. The evaluation shall include the possible effects the addition of Well No. 1 (Source 001) may have on each treatment process at Entry Point No. 101 and the distribution system. The evaluation shall also include how the permittee will mitigate these effects.
  3. To request a change in designation of Well No. 1 (Source 001) from reserve to permanent, the permittee shall submit a permit application that meets the requirements of 25 PA Code, Chapter 109.503.
  4. The Department retains the right to require the permittee to request a change in designation of Well No. 1 (Source 001) from reserve to permanent if the operation of Well No. 1 (Source 001), in the Department's determination, no longer meets the definition of reserve source.