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May 13, 2022

***Via Electronic Filing***

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

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. in the above matters and are submitting, via electronic filing with this letter, the Joint Petition of Aqua, North Heidelberg Sewer Company, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate and Metropolitan Edison Company for Approval of Settlement. Copies of the Joint Petition for Approval of Settlement are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

cc: Certificate of Service (w/encl.)  
Alexander R. Stahl, Esquire (via email, w/encl.)

**Before The  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
Steven K. Haas, Presiding**

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<b>Pennsylvania Public Utility Commission</b>	:	<b>Docket No. M-2018-2645983</b>
	:	
<b>v.</b>	:	
	:	
<b>North Heidelberg Sewer Company</b>	:	
	:	
<b>Section 529 Investigation –</b>	:	<b>Docket No. I-2018-3001161</b>
<b>North Heidelberg Sewer Company</b>	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE STEVEN K. HAAS, ADMINISTRATIVE LAW JUDGE:**

This Joint Petition for Approval of Settlement (“Joint Petition”) is made and entered into by and between Aqua Pennsylvania Wastewater, Inc. (“Aqua”), North Heidelberg Sewer Company (“NHSC”), the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”), the Office of Consumer Advocate (“OCA”) and Metropolitan Edison Company (“Met-Ed”), parties to the above captioned proceedings (hereinafter collectively referred to as “Joint Petitioners”) for the purpose of settling the proceedings under the terms and conditions set forth below.<sup>1</sup> Joint Petitioners request that Administrative Law Judge Steven K. Haas recommend approval of, and that the Public Utility Commission (“Commission”) approve this Joint Petition.

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<sup>1</sup> The other parties to the proceeding, Pennsylvania American Water Company and Suez Water Pennsylvania Inc. do not oppose the Joint Petition.

## **Background**

1. These proceedings concern the Commission's Section 529 Investigation of NHSC and related Order directing Aqua to serve as receiver.

2. NHSC provides wastewater service to approximately 273 residential customers and one commercial customer in portions of North Heidelberg and Jefferson Townships in Berks County, Pennsylvania.

3. The Section 529 Investigation involving NHSC stems, in part, from NHSC's failure to pay a long-standing, relatively large arrearage for electric service provided by Met-Ed.

4. The Commission adjudicated issues related to the arrearage in NHSC's 2013 base rate case. On July 16, 2013, the Commission, at Docket No. R-2012-2330877, entered an Order that expressly provided NHSC with additional revenue to pay its ongoing electric costs and its Met-Ed arrearage.

5. The Order authorized NHSC to increase its annual operating revenue by \$75,000 over a four-year period from July 17, 2013, to July 17, 2017. The Order was designed to provide sufficient revenues to pay what was then a \$60,000 arrearage.

6. On March 21, 2017, I&E filed a Petition, at Docket No. P-2017-2594688, for Issuance of an *Ex Parte* Emergency Order against Met-Ed and NHSC. The Petition averred that Met-Ed had initiated termination procedures against NHSC due to NHSC's non-payment of a \$157,000 arrearage.

7. I&E requested that the Commission enjoin Met-Ed from terminating electric service and direct NHSC to cease withholding payments to Met-Ed. I&E also asked the Commission to require NHSC to notify its customers that they will continue to receive wastewater service.

8. Chairman Brown Dutrieuille issued an *Ex Parte* Emergency Order on March 22, 2017, granting I&E's Petition as modified. The Order temporarily preserved the status quo such that NHSC customers continued to receive uninterrupted wastewater service. The Order also directed the Office of Administration Law Judge ("OALJ") to schedule a hearing, which was held on April 3, 2017.

9. By Order entered May 4, 2017, the Commission adopted a Recommended Decision, as modified, and directed NHSC to pay an initial lump-sum to Met-Ed within 60 days and make monthly payments over a two-year period to avoid termination of its electric service.

10. NHSC appealed the Commission's Order to Commonwealth Court, seeking a stay of the Order and a remand to the Commission for further hearings. At the Commission's request, the Court, thereafter, relinquished jurisdiction and remanded the matter for further proceedings.

11. A Recommended Decision in the remand proceeding was issued on September 1, 2017, which concluded, *inter alia*:

- that NHSC failed to meet the terms of the July 16, 2013, Order in NHSC's 2013 base rate; and
- that Met-Ed had a legal right to terminate electric service to NHSC due to non-payment.

12. The Recommended Decision required payment of an initial lump-sum to Met-Ed within 60 days and monthly payments over a two-year period in order for NHSC to avoid termination of its electric service.

13. The Recommended Decision also recommended that the Commission initiate a Section 529 proceeding if NHSC failed to comply with the payment plan.

14. The Commission, by Order entered October 5, 2017 ("October 5 Order"), adopted the Recommended Decision without modification.

15. NHSC failed to comply with the October 5 Order, and the Commission, on February 9, 2018, entered an Order at Docket No. M-2018-2645983, (*Receivership Order*) initiating a Section 529 proceeding.

16. The *Receivership Order* also appointed Aqua as Receiver for NHSC, pursuant to 66 Pa. C.S. § 529 (g), beginning March 5, 2018, and continuing during the pendency of the Section 529 proceeding to “protect the interests of the customers” of NHSC. The duties and responsibilities of Aqua as Receiver were set forth Appendix A to the *Receivership Order*.

17. The Section 529 Investigation was commenced at Docket No. I-2018-3001161 in accordance with the *Receivership Order*. Administrative Law Judge Steven K. Haas was assigned to preside over the Investigation.

18. An Initial Prehearing Conference in the Section 529 Investigation was held on July 27, 2018, and a litigation schedule was established.

19. Thereafter, the litigation schedule was suspended by Order Granting Motion to Delay Procedural Schedule, issued February 1, 2019, following the death of Joseph M. Aichholz, Jr., the owner and Chief Executive Officer of NHSC.

20. On January 30, 2020, counsel for NHSC filed a Status Report indicating that the matter should proceed.

21. By Order entered October 7, 2021 (“October 7 Order”), the Commission granted, as modified, a Petition of Aqua to Affirm and Clarify its receivership status, filed by Aqua following extensive storm damage to the NHSC system and facilities.

22. The Commission, in its October 7 Order, also:

- Directed the Office of Administrative Law Judge to move forward with the Section 529 Investigation and issue a Recommended Decision no later than June 30, 2022;

- Directed Aqua to continue to act as Receiver for NHSC during the pendency of the Section 529 Investigation;
- Amended the duties and responsibilities of Aqua as Receiver; and
- Established deferred accounting treatment for reasonable costs incurred by Aqua, as Receiver to restore safe, adequate, and reasonably continuous service to NHSC's customers with the opportunity to present those costs for recovery as part of a subsequent base rate proceeding, if not recoverable from NHSC.

23. A further Prehearing Conference was noticed for, and held on, December 8, 2021, with Judge Haas presiding. A new litigation schedule was established with the objective of having a Recommended Decision issue no later than June 30, 2022.

### **Terms and Conditions of Settlement**

24. Joint Petitioners agree to the following terms and conditions in settlement of these proceedings. The terms and conditions, to which Joint Petitioners agree, are as follows:

**(a) Transaction between Aqua and NHSC**

- (i)** Aqua will acquire the NHSC assets for \$121,771.56. The purchase price is sufficient to satisfy secured creditor amounts. The purchase price will be directed by Aqua at closing to clear title for the asset purchase.
- (ii)** Met-Ed and Aqua agree that Met-Ed will write off half of the outstanding electric bill owed by NHSC to Met-Ed and Aqua will pay one half of the outstanding electric bill owed by NHSC, which is reflected in the purchase price.
- (iii)** Aqua and NHSC will enter into an Asset Purchase Agreement (“APA”) on terms acceptable to Aqua.
- (iv)** The acquisition of the assets of NHSC by Aqua under the APA (“Transaction”) will be subject to all necessary government approvals, included approvals by the Commission, DEP and North Heidelberg and Jefferson Townships, Berks County, Pennsylvania.
- (v)** Joint Petitioners request that the Commission, upon approval of this Joint Petition, issue certificates of public convenience authorizing Aqua to acquire the wastewater system assets of NHSC and authorizing NHSC to sell all of its wastewater system assets to Aqua. Joint Petitioners further request that the Commission direct Aqua to notify the Commission, OCA,

and I&E upon closing of the Transaction. The Secretary's Bureau will then issue certificates of public convenience evidencing Commission approval of:

- 1) Aqua's right, effective the date of closing, to begin providing wastewater service to the public in the Requested Territory, shown in Appendix A, Schedule 1.
  - 2) NHSC's abandonment, effective the date of closing, of the provision of wastewater service to the public in Pennsylvania.
- (vi) Pursuant to 66 Pa. C.S. § 529(e) Joint Petitioners request that the Commission make a determination that the purchase price contained in the Asset Purchase Agreement is reasonable.

**(b) Plan for Improvements**

- (i) A Plan for Improvements required under 66 Pa. C.S. § 529(j) is attached as Appendix B.
- (ii) Aqua will serve a copy of the Plan for Improvements upon the DEP, North Heidelberg Township and Jefferson Township, and will notify them of the opportunity to comment within 60 days of service. Should any entity file comments, Aqua may file responses within a reasonable time period. In advance of filing the settlement, OCA will review the Plan for Improvements and may provide comments to it.
- (iii) Joint Petitioners acknowledge that additional upgrades may be required beyond those in the Plan for Improvements and that such upgrades will not require an amendment to the Plan for Improvements, and rate recovery for upgrades outside the Plan for Improvements will be treated under traditional ratemaking principles.
- (iv) Joint Petitioners request that Judge Haas recommend approval of, and the Commission approve, the Plan for Improvements and allow the reasonably and prudently incurred costs of each improvement to be recoverable in rates after that improvement becomes used and useful in the public service in accordance with 66 Pa. C.S. § 529(j).

**(c) Rates**

- (i) Aqua will file a pro-forma tariff supplement that includes NHSC existing rates to be charged to NHSC customers in the Requested Territory.
- (ii) All other rules, regulations, fees, and charges of Aqua's tariff shall apply to NHSC customers after closing. The Parties agree that Aqua will apply

its distribution system improvement charge (“DSIC”) to the NHSC system after the first base rate case that includes the NHSC system.

- (iii) The tariff supplement, in the form of Appendix C, will be filed within 10 days of closing to be effective as of the date of closing.

**(d) Aqua’s first base rate case including NHSC**

- (i) From the time of closing until Aqua’s first base rate case that includes the NHSC system, Aqua will be permitted to continue to utilize deferred accounting for any capital investments or operating expenses not funded by the revenues being collected under NHSC tariffed rates and present those amounts for recovery in Aqua’s first base rate case that includes NHSC.
- (ii) Nothing in this settlement will limit the ability of I&E and OCA to challenge the reasonableness and prudence of amounts claimed for recovery, the types and timing of costs claimed for recovery; however, Joint Petitioners will not challenge the reasonableness of the purchase price of the NHSC system assets.
- (iii) Joint Petitioners will not contest that NHSC is a small, non-viable system as defined in 66 Pa. C.S. § 1327(a) and 52 Pa. Code § 69.711 but may rebut or challenge acquisition incentives claimed by Aqua.
- (iv) Joint Petitioners will not contest an Aqua proposal to allocate a portion of the NHSC revenue requirement to its combined water and wastewater customer base as in the public interest but may contest the amount of Aqua’s proposed allocation and whether that amount is in the public interest.

**(e) Termination of Other Proceedings**

- (i) Joint Petitioners acknowledge that I&E has filed a formal complaint against NHSC at Docket No. C-2016-2547755, including a Motion for Default Judgment, for NHSC’s failure to pay its Commission assessment for the 2015-2016 fiscal year seeking a civil penalty of \$200. Joint Petitioners agree that Aqua will pay the outstanding \$200 civil penalty owed by NHSC under Docket No. C-2016-2547755; however, Joint Petitioners acknowledge that Aqua’s payment of the civil penalty is to reach a full settlement on the issues in the aforementioned docket and shall not be interpreted as a civil penalty against Aqua for any actions taken during Aqua’s receivership duties for NHSC.

**(f) Limitations on Enforcement Actions**

- (i)** Joint Petitioners acknowledge that there are limitations on liability and enforcement actions by state agencies following Commission approval of the Plan for Improvements and the acquisition of the small wastewater system under Section 529(l).
- (ii)** Joint Petitioners will not seek a civil penalty of Aqua after closing for actions taken by NHSC prior to closing.

**Other Provisions**

25. The Joint Petition is consistent with the Commission's policy favoring negotiated settlements and in the public interest. It reduces administrative burden by resolving the Section 529 Investigation and related matters, after thorough and extensive discovery; and recognizes, through the participation of Aqua/NHSC/I&E/OCA/Met-Ed, the concerns of customers, creditors and the entities that are parties to the transfer of the wastewater system. The statements of Aqua, NHSC, I&E, OCA and Met-Ed in support of the Joint Petition and setting forth their respective bases on why the settlement is consistent with the Public Utility Code are attached as Appendices D, E, F, G, and H.

26. This Joint Petition is proposed to settle the instant matters and is made without any admission against or prejudice to any positions that any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. Joint Petitioners agree that the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding, other than as set forth above, and agree not to contend otherwise in any subsequent proceeding. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint

Petition may be withdrawn by any Joint Petitioner upon written notice to the Commission and all parties within three business days by any of the Joint Petitioners. In such event, the Joint Petition shall be of no force and effect.

27. In the event that the Commission does not approve the Joint Petition or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective right to fully litigate the case, including producing witnesses, conducting full cross-examination and presenting briefs and legal argument.

28. Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Joint Petition by the Administrative Law Judge and the Commission without modification. If the Administrative Law Judge in his Recommended Decision recommends that the Commission adopt the Joint Petition without modification as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their right to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters, proposed by Administrative Law Judge Haas in his Recommended Decision. The Joint Petitioners reserve their right to file Reply Exceptions to any Exceptions which may be filed whether by a Joint Petitioner or other party to the proceeding.

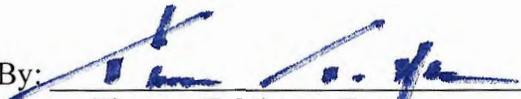
29. In recognition of the foregoing, the Joint Petitioners respectfully request that:

- (a) Administrative Law Judge Haas recommend approval of, and the Public Utility Commission approve, this Joint Petition for Approval of Settlement;
- (b) The Commission approve the Asset Purchase Agreement between Aqua and NHSC;
- (c) The Commission issue certificates of public convenience:
  - Authorizing Aqua to acquire the wastewater system assets of NHSC;

- Authorizing Aqua to provide wastewater service in portions of North Heidelberg and Jefferson Townships, Berks County, Pennsylvania;
  - Authorizing NHSC to sell its wastewater system assets to Aqua; and
  - Authorizing NHSC to abandon its public wastewater in portions of North Heidelberg and Jefferson Townships, Berks County, Pennsylvania.
- (d) The Commission grant Aqua special permission to file a tariff supplement in the form attached hereto as Appendix C, following entry of a Commission Order and within 10 days of closing of the transaction;
- (e) The Commission approve, to the extent necessary, the payment, at Closing, of \$121,771.56 as the purchase price for the NHSC wastewater system assets;
- (f) The Commission terminate Aqua's status as Receiver for NHSC effective the date and time of Closing; and
- (g) The Complaints of the Bureau of Investigation and Enforcement at Docket Nos. C-2016-2547755 and M-2018-2645983 be marked as satisfied and closed consistent with this Joint Petition for Approval of Settlement;
- (h) The Commission close its Section 529 Investigation of NHSC; and
- (i) The Commission grant such other relief that may be just, reasonable and appropriate under the circumstances.

IN WITNESS WHEREOF, the Joint Petitioners hereto have duly executed this Joint  
Petition for Approval of Settlement as of the date indicated herein.

**AQUA PENNSYLVANIA  
WASTEWATER, INC.**

By:   
Thomas T. Niesen, Esquire

**NORTH HEIDELBERG SEWER  
COMPANY**

By: \_\_\_\_\_  
Sean M. Cooper, Esquire

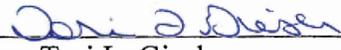
**BUREAU OF INVESTIGATION AND  
ENFORCEMENT**

By: \_\_\_\_\_  
Carrie B. Wright, Prosecutor

**OFFICE OF CONSUMER ADVOCATE**

By: \_\_\_\_\_  
Christine Maloni Hoover  
Deputy Consumer Advocate

**METROPOLITAN EDISON COMPANY**

By:   
Tori L. Giesler  
Managing Counsel

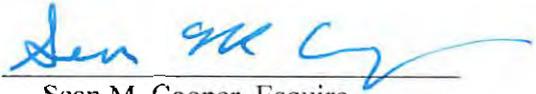
Date: May 13, 2022

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WASTEWATER, INC.**

By: \_\_\_\_\_  
Thomas T. Niesen, Esquire

**NORTH HEIDELBERG SEWER  
COMPANY**

By:   
Sean M. Cooper, Esquire

**BUREAU OF INVESTIGATION AND  
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By: \_\_\_\_\_  
Carrie B. Wright, Prosecutor

**OFFICE OF CONSUMER ADVOCATE**

By: \_\_\_\_\_  
Christine Maloni Hoover  
Deputy Consumer Advocate

**METROPOLITAN EDISON COMPANY**

By: \_\_\_\_\_  
Tori L. Giesler  
Managing Counsel

Date: May 13, 2022

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**NORTH HEIDELBERG SEWER  
COMPANY**

By: \_\_\_\_\_  
Thomas T. Niesen, Esquire

By: \_\_\_\_\_  
Sean M. Cooper, Esquire

**BUREAU OF INVESTIGATION AND  
ENFORCEMENT**

**OFFICE OF CONSUMER ADVOCATE**

By: Carrie B. Wright  
Carrie B. Wright, Prosecutor

By: \_\_\_\_\_  
Christine Maloni Hoover  
Deputy Consumer Advocate

**METROPOLITAN EDISON COMPANY**

By: \_\_\_\_\_  
Tori L. Giesler  
Managing Counsel

Date: May 13, 2022

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WASTEWATER, INC.**

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COMPANY**

By: \_\_\_\_\_  
Thomas T. Niesen, Esquire

By: \_\_\_\_\_  
Sean M. Cooper, Esquire

**BUREAU OF INVESTIGATION AND  
ENFORCEMENT**

**OFFICE OF CONSUMER ADVOCATE**

By: \_\_\_\_\_  
Carrie B. Wright, Prosecutor

By: *Christine Maloni Hoover*  
Christine Maloni Hoover  
Deputy Consumer Advocate

**METROPOLITAN EDISON COMPANY**

By: \_\_\_\_\_  
Tori L. Giesler  
Managing Counsel

Date: May 13, 2022

**APPENDIX A**  
**Asset Purchase Agreement**

**ASSETS PURCHASE AGREEMENT**

**Between**

**NORTH HEIDELBERG SEWER COMPANY**

**And**

**AQUA PENNSYLVANIA WASTEWATER, INC.**

**May 12, 2022**

## ASSETS PURCHASE AGREEMENT

**THIS ASSETS PURCHASE AGREEMENT (“Agreement”)**, dated May 12, 2022 by and between **North Heidelberg Sewer Company**, a Pennsylvania corporation, having a mailing address of PO Box 609 Bernville, PA 19506 (hereinafter referred to as “**Seller**”), and **Aqua Pennsylvania Wastewater, Inc.**, a Pennsylvania corporation, with a business address located at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter collectively referred to as “**Aqua**” or “**Buyer**”).

### RECITALS

A. Seller owns, maintains and operates a wastewater collection, conveyance and treatment system (the “**System**”) that provides wastewater service to various customers within North Heidelberg and Jefferson Townships, Berks County, Pennsylvania (the “**Requested Service Territory**”).

B. Aqua is a regulated public utility that furnishes wastewater service to the public in various counties throughout Pennsylvania.

C. This Agreement is part of a settlement (“**Settlement**”) between Aqua and Seller in a proceeding before the Pennsylvania Public Utility Commission (“**PUC**”) at Docket No. I-2018-3001161 and M-2018-2645983 regarding the investigation pursuant to Section 529 of the Public Utility Code, 66 Pa. C.S. § 529, which established Aqua as Receiver for Seller’s system (“**Receivership**”).

D. Seller desires to sell, and Aqua desires to purchase, certain assets, properties and rights of Seller owned and used in connection with Seller’s System assets (hereinafter referred to as “**Assets**”), all upon the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

#### 1. SALE AND PURCHASE OF THE ASSETS

Subject to the terms and conditions hereinafter set forth, Aqua shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Aqua at Closing (hereinafter defined), the Assets.

The Assets are herein defined to be: all of the assets, properties and rights of Seller (whether tangible, real, personal or mixed), which are held and used in connection with the System located in in the area depicted on Schedule 1 and referred to herein as the “**Requested Service Territory**”.

The Assets are to be sold free and clear of all mortgages, liens, pledges, security interest, charges, claims, restrictions and encumbrances of any nature whatsoever.

This Agreement shall be effective on the later of the date signed by Buyer or the date signed by Seller (the “**Effective Date**”).

1.1 Assets Further Defined

The Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights of Seller set forth on **Schedule 1.1**, and the following:

- (a) all the land, buildings, pipes, pipelines, treatment facilities, odor control stations, pumping stations, lift stations, holding tanks, storage tanks, treatment plants and systems, structures, improvements, fixtures, rights-of-way, rights, uses, licenses and easements owned by Seller and relating to the Assets, or in which Seller has an interest, and all hereditaments, tenements and appurtenances belonging, appertaining or relating to the Assets;
- (b) all machinery, equipment, generators, tools, furniture, furnishings, leasehold improvements, goods, and other tangible personal property relating to the Assets owned by Seller or in which Seller has an interest;
- (c) all supplies and inventories relating to the Assets;
- (d) all rights of Seller under any easement, plan, license, permit, certificate, or other authorization, relating to the Assets;
- (e) all rights and choses in action of Seller arising out of occurrences before or after the Closing relating to the Assets;
- (f) all information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists and property records, related to the foregoing;
- (g) Seller’s Owned Assets (as defined in the following sentence). Seller acknowledges and agrees that during the time that Aqua acted as the PUC-appointed receiver for the Seller’s System, Aqua, at Aqua’s cost, was required to and did make repairs, additions, and improvements to the System, consisting of infrastructure, equipment and other assets (hereinafter referred to as Seller’s “Owned Assets”).

1.2 Customer Billing

Pursuant to the existing PUC Order at Docket No. M-2018-2645983 which established the Public Utility Code Section 529 proceeding and Aqua’s Receivership of Seller’s system, Aqua has assumed operations and management of the Seller system including all billing and customer service functions. Aqua shall continue to apply its billing practices to Seller’s customers, as amended from time to time through Aqua’s tariff (“**Aqua Tariff**”), after Closing. Buyer shall not be responsible for the payment of and/or collection for any amounts due to Seller from Seller’s former customers prior to the Receivership being established as of March 5, 2018, and after Closing.

1.3 Excluded Assets

The Assets shall not include any of the following:

- (a) Any and all Customer Service Lines and Customer Grinder Pumps;
- (b) Any and all piping and fixtures internal to each individual customer's structure (whether residential, commercial, industrial or other types);
- (c) Seller's cash on hand and accounts receivables up to the effective date of Aqua's Receivership duties;
- (d) All contracts, licenses and leases that are not specifically set forth in **Schedule 1.5**.
- (e) Pre-paid tapping, impact, capacity, or connection fees paid to Seller prior to the Closing Date, or EDU fees, including such sums paid or owed to Seller at any time, including sums paid prior to the effective date of Aqua's Receivership duties, for any pending development but not yet paid to Seller; and
- (f) For the purposes of this Agreement the following definitions shall apply:
  - (i) **Customer Grinder Pump:** Any mechanical or powered device used to grind, macerate, or fluidize waste so that it can be discharged into the Seller's treatment facilities. This device is a component of the Customer Service Line and, following Closing, it shall be the sole responsibility of the Customer to own, maintain and operate along with the balance of their Customer Service Line. The customers shall be responsible for all power to operate the device in accordance with the manufacturer's specifications and guidelines.
  - (ii) **Customer Service Line:** The connecting facilities from the Seller's sewage supply lines or mains at the curb-line or edge-of-road and within the customer's premises. In the case where the Seller's sewage supply line or main is in an Easement or right-of-way area, the connecting facilities from the Seller's sewage supply lines or mains to the edge of the Easement or right-of-way area and within the customer's premises.

#### 1.4 Consideration

The purchase price ("**Purchase Price**") for the Assets shall be the total amount of **One Hundred Twenty-One Thousand Seven Hundred Seventy-One U.S. Dollars and Fifty Six U.S. Cents (\$121,771.56)** to be paid by Aqua to Seller, or to Seller's creditors listed in Section 5(n) below, at Closing. The Purchase Price shall be paid directly to Seller's creditors in the amounts listed in Section 1.7 below. Seller acknowledges and agrees that the amounts that Aqua pays to Seller's creditors to satisfy or release outstanding liens, judgments, mortgage and debts constitutes good and valuable consideration for the Assets.

#### 1.5 Contractual Rights and Obligations

With the exception of rights and obligations arising under the items to be delivered at

Closing pursuant to Section 2.1, below, Aqua shall not assume any rights or obligations of Seller under any contract, agreement, commitment, lease, or other instrument, whether oral, written, express or implied.

1.6 Non-Assumption of Liabilities

Except as set forth in **Section 1.5** above and on **Schedule 1.5** all liabilities and obligations of Seller shall remain the sole responsibility of Seller. Aqua shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever whether express or implied, fixed or contingent, known or unknown at the time of Closing, including without limitation, (i) liabilities or obligations under any employee benefit plan, practice or arrangement or pension, retirement or savings plan, (ii) any obligations to receive, treat or dispose of sewage sludge from third party haulers, (iii) any obligations or liabilities imposed on Seller under any Corrective Action Plan (“CAP”) ordered by the Commonwealth of Pennsylvania, Department of Environmental Protection (“DEP”), including any CAP or Consent Order and Agreement (“COA”) by and between Seller and DEP; (iv) liabilities or obligations related for any goods or service provided to Seller that have been unpaid; (v) liabilities or obligations ordered by the PUC; (vi) or any obligation to provide wastewater service to any third party that is not a customer of Seller as of the Closing Date.

1.7 Seller and Aqua agree that as consideration for the sale of the Assets the Purchase Price will be used to pay the following creditors in order to release, satisfy, settle or discharge certain judgments and mortgages against Seller or Seller’s real property Assets, as follows:

<u>CREDITOR</u>	<u>AMOUNT OF DEBT (EXCLUDING INTEREST, LATE FEE, ETC.)</u>	<u>SETTLEMENT AMOUNT / PORTION OF PURCHASE PRICE</u>
(i) TPK Associates	\$20,715.58	\$10,375.79
(ii) Bliss & Co.	\$10,615.00	\$5,307.50
(iii) Gage Enterprises, Inc. t/a Gage Personnel Services	\$11,197.40	\$5,598.70
(iv) Metropolitan Edison	\$201,015.14	\$100,507.57

2. CLOSING

Subject to the provisions of **Articles 4 and 5** below, closing hereunder (“Closing”) shall take place by mail or at the offices of Aqua located at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania, or other mutually agreed upon location, commencing at 10:00 A.M. local time within sixty (60) days after the receipt of final regulatory approvals, including without limitation those described in **Article 5** below. The date of the Closing is referred to herein as the “Closing

**Date**". The effective time of the legal transfer hereunder shall be 12:01 a.m. on the day following the Closing Date.

2.1 Items to be delivered at Closing

At the Closing and subject to the terms and conditions herein contained:

- (a) Seller shall deliver to Aqua all title, assets, properties and rights to the Assets pursuant to documents as prepared by Aqua, including, without limitation, the following:
  - (i) *Deeds or easements*, where applicable, for each fee parcel wherein any treatment facilities and *deeds or easements*, where applicable, for each fee parcel wherein any pump stations or odor control stations are situated;
  - (ii) A *Bill of Sale and Assignment*, and other instruments and documents of conveyance and transfer, all in form reasonably satisfactory to Aqua and its Counsel, as shall be necessary and effective to transfer and assign to, and vest in Aqua good and marketable title to the Assets;
  - (iii) *Easements* (via an assignment or grant), in a form reasonably satisfactory to Aqua and its Counsel, for any easement Aqua requires to utilize, maintain, repair and replace any Assets or facilities located outside of any fee parcels to be conveyed and/or publicly dedicated roadways, and to provide Aqua with access to and the use of the System;
  - (iv) Reserved;
  - (v) *Releases* of liens or satisfaction pieces in acceptable form for recording in the Office of Recorder of Deeds of Bucks County for all mortgages and liens affecting the Assets or other proofs reasonably required by: (A) Aqua to establish clear title to the Assets, or (B) Aqua's title agent to remove such liens and mortgages as exceptions to Aqua's title insurance policy, including, without limitation, a Satisfaction of Mortgage from Gage Enterprises, Inc. for the Mortgage dated August 28, 2017 and recorded on August 29, 2017 as instrument number 2017031701;
  - (vi) Uniform Commercial Code ("UCC") termination statement ("UCC-3") for all UCC-1 security interests in the Assets;
  - (vii) Duly executed and acknowledged settlement agreements and releases from (a) Bliss & Co LTD for all claims, including those raised in Berks County Court of Common Pleas case number 12-15622, and (b) TPK Associates Inc. for all claims, including those raised in Berks County Court of Common Pleas case number 17-16740;
  - (viii) Praecipes to Settle, Discontinue and End from (a) Bliss & Co LTD Berks and (b) TPK Associates Inc., each in its form and substance satisfactory for

ending with prejudice the respective litigation matters in the Berks County Court of Common Pleas referenced above;

- (ix) Reserved;
- (x) Certified copies of all document(s) of Seller authorizing the transactions herein contemplated and Secretary's certificate certifying the authenticity of same;
- (xi) Applications for transfer of permits required under **Section 2.4** below;
- (xii) Copies of, or the originals as appropriate, of all plans, bids, quotations, proposals, instruments, certificates, permits and other instruments belonging to Seller that are part of or related to the Assets; and
- (xiii) Grants or Assignments to Aqua of licenses, easements or agreements from the Army Corp of Engineers.

Simultaneously with such delivery, Seller shall take all steps as may be required to put Aqua in actual possession and operating control of the Assets, to include transfer of any existing permits at Closing.

- (b) Seller shall deliver to Aqua, the agreements, opinions, certificates and other documents and instruments referred to in **Articles 2, 3 and 5** hereof.
- (c) Reserved.

## 2.2 Transfer Taxes on Real Property

Any transfer taxes imposed on the conveyance or transfer of any real property pursuant to this Agreement shall be paid by Aqua.

## 2.3 Transfer of Utilities

Aqua has transferred utility service into Aqua's name as of the date Aqua began its Receivership.

## 2.4 Transfer of Permits

Seller shall execute all relevant transfer applications and forms such that any permits associated with the Assets, including, without limitation, those listed on **Schedule 2.4**, shall transfer to Buyer. Such transfer forms will be prepared by Buyer in conjunction with Seller and executed by Buyer and Seller at Closing and subsequently filed by Buyer with the appropriate regulatory agencies. This **Section 2.4** shall survive Closing.

## 2.5 Reserved.

## 2.6 Remedy

The Parties acknowledge that the Assets are unique and not otherwise available and agree that, in addition to any other available remedy, either party may invoke any equitable remedy to enforce performance hereunder, including, without limitation, the remedy of specific performance.

3. **CONDUCT OF PARTIES PENDING CLOSING**

Seller agrees that, with respect to the Assets, pending the Closing the Seller will not interfere in Aqua's operation and maintenance of the System during Aqua's Receivership duties.

4. **COVENANTS AND ACKNOWLEDGMENTS**

4.1 **Affirmative Covenants**

- (a) Unless otherwise noted herein, Aqua and Seller shall be responsible for their respective legal fees, if any, and other expenses incurred in connection with this transaction, if any.
- (b) After Closing, Aqua will begin charging Seller's current rates (as of the date of this Agreement) as Aqua's base rates ("**Base Rates**") within Seller's service area (such service area being consistent with **Schedule 1**). Seller's current Base Rates are set forth on **Schedule 4.1(b)**.

Aqua and Seller agree that Aqua may subsequently seek approval from the PUC to increase these Base Rates. Seller acknowledges and agrees that rates for charges or pass-through costs permitted or imposed by the legislature of the Commonwealth of Pennsylvania, including, but not limited to, Distribution System Improvement Charges or State Tax Adjustment Surcharges, may be applied to the Base Rates and may be subject to increase. For purposes of this **Section 4.1(b)**, "Base Rates" shall mean and include only customer services charges and consumption charges.

- (c) Except as set forth in the preceding **Section 4.1(b)**, immediately upon Closing Aqua will apply its *Rules and Regulations*, as amended from time to time, to those existing and future customers within this Requested Service Territory.
- (d) Reserved.
- (e) Pending the Closing, Seller shall respond to Buyer's requests for information, plans or documents, including, without limitations, information needed to respond to inquiries from the PUC and other intervening parties promptly. Seller acknowledges that a failure to timely respond to such inquiries can lead to denial or rejection of the application for PUC approval.
- (f) The provisions of this Agreement shall survive the effective time of Closing.

- (g) Reserved.
- (h) Buyer and Seller acknowledge and agree that there is no affiliation between Buyer and Seller and that all negotiations for the purchase and sale of the Assets were conducted at arm's length.
- (i) Prior to Aqua's Receivership Seller billed its wastewater customers on a monthly basis. Aqua has billed customers on a monthly basis during the Receivership. Following Closing Buyer shall issue wastewater bills to all customers on a monthly basis.
- (j) Buyer shall have no obligation to pay monies to or reimburse any party to a contract, either written or oral, with Seller for any pre-paid tapping, impact, capacity, or connection fees or for EDU payments paid to Seller prior to the date hereof. Seller shall remain solely liable to return any sums that may be required to be returned under development agreements, main extension contracts, or agreements of similar import between Seller and developers of real property to provide wastewater treatment or capacity at the wastewater treatment plant that is included in the Assets to be conveyed to Aqua pursuant to this Agreement.
- (k) Aqua shall have no obligation to reserve any wastewater treatment capacity or to provide wastewater service, whether service for residential, commercial, or industrial, other than to Seller's existing customers who are actually connected to and discharging into the System as of the effective date of Aqua's Receivership.
- (l) Seller acknowledges that Aqua has been operating the System since the start of the Receivership, and has completed maintenance and capital improvements on the system, and Seller shall have no right, title or interest in any improvements made to the System from the inception of the Receivership through Closing.

4.2 Negative Covenants. Except as otherwise contemplated by this Agreement, pending and prior to the Closing, Seller shall not, without the prior written approval of Buyer, do or agree to do any of the following in connection with Seller's operation of the Assets:

- (a) Dispositions. Sell, assign, lease or otherwise transfer or dispose of any Assets;
- (b) Contracts. Enter into any contracts, leases, commitments, understandings, licenses, or other agreements relating to the Assets or incur any obligation or liability (contingent or absolute) relating exclusively to the Assets;
- (c) Material Adverse Actions. Do or omit to do any act (or permit such action or omission) that would be reasonably expected to have a material adverse effect on the Assets;
- (d) Reserved;

- (e) Encumbrances. Mortgage, pledge or subject any of the Assets; and
- (f) Seller will not take any action which would result in a material breach of any of the representations and warranties of Seller hereunder.

5. **CONDITIONS PRECEDENT TO AQUA'S OBLIGATIONS**

The Closing of the transaction shall be contingent upon the following:

- (a) Seller's delivery to Aqua of the items listed under **Section 2.1** above.
- (b) Buyer shall apply for transfer of any applicable permit issued by the DEP to Seller, including those listed on **Schedule 2.4**.
- (c) Reserved.
- (d) Aqua shall be satisfied with the overall operational functionality of the System, including, without limitation, any improvements, repairs or changes that DEP or other governmental agency has ordered or required to be made to the System or does order or require prior to Closing.
- (e) Aqua shall be satisfied with its review of the real estate and the quality of title to be conveyed to Aqua from Seller to the real estate on which Assets are located.
- (f) On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.
- (g) Seller shall have furnished Aqua with certified copies of all document(s) authorizing the transactions hereby contemplated, as Aqua reasonably shall require.
- (h) Aqua shall receive all required approvals from regulatory agencies, including the required final approvals of the PUC, to enable Aqua to assume the ownership and operation of the Assets and to provide wastewater service to the Requested Service Territory.
- (i) Seller and Buyer shall have received all required approvals from regulatory agencies, where applicable, including adoption and approval of a Final Order (as defined below) from PUC authorizing: (a) the transfer of the Assets as contemplated by this Agreement; (b) Aqua to provide wastewater service to the residents in the Requested Service Territory; (c) abandonment of service by Seller in the Requested Service Territory; and (c) *Certificates of Public Convenience* from the PUC. A "Final Order" shall mean an Order from the PUC that is final and non-appealable, where no motion, petition, application or appeal of such order is filed

and the time period for any motion, petition, application or appeal of such order has expired.

- (j) Seller shall support Aqua in obtaining all required approvals from regulatory agencies, including DEP and PUC. The PUC application shall include a request for a service territory as depicted on **Schedule 1.**
- (k) Reserved.
- (l) All actions, proceedings, resolutions, instruments and documents required to carry out this Agreement or incidental hereto and all other related matters shall have been approved on the Closing Date by Aqua in the exercise of its reasonable judgment.
- (m) Reserved.
- (n) All of Seller's creditors, including those listed below, shall have agreed in writing to settle or release their claims against Seller in exchange for receipt of the consideration listed in **Section 1.7** above
  - (i) TPK Associates;
  - (ii) Bliss & Co.;
  - (iii) Gage Enterprises, Inc. t/a Gage Personnel Services; and
  - (iv) Metropolitan Edison Company.
- (o) All judgments entered against Seller shall be marked satisfied, discontinued and ended in the Berks County Court of Common Pleas.
- (p) A duly executed and acknowledged satisfaction piece or release of mortgage in recordable form shall be provided for all mortgages.

## 6. **REPRESENTATIONS AND WARRANTIES OF SELLER**

6.1 In making this instrument, Seller makes the following representations and warranties that shall survive the date hereof and the Closing:

- (a) **Assets Ownership.** Seller holds the exclusive right, title and interest to the Assets and facilities, except those assets that have been installed by Aqua during the Receivership, comprising the Assets as set out on **Schedule 1.1** attached hereto.
- (b) Seller has paid, or, with the assistance of Buyer, will arrange for the full payment of, all taxes owed by Seller on account of the operation of the Assets up to and through Closing. All federal, state and local tax returns, reports and statements (including all income, unemployment compensation, social security, payroll, sales

and use, excise, privilege, property, ad valorem, franchise, license, school and other taxes owed or assessed under the laws of the United States or any state or municipal or political subdivision thereof required to be filed by Seller (the "**Tax Returns**") have been filed with the appropriate governmental agencies in all jurisdictions in which returns, reports or statements are required to be filed, and all filed returns, reports and statements properly reflect the tax liabilities of Seller for the periods, properties or events covered thereby. All federal, state and local taxes, assessments, interest, penalties, deficiencies, fees and other governmental charges or impositions, including those enumerated above in respect of the Tax Returns, that are called for by the Tax Returns, or claimed to be due by any taxing authority from Seller, or upon or measured by the properties, assets or income of Seller, have been properly paid.

- (c) No Other Parties. No person other than Seller owns or has any interest in any equipment or other tangible assets or properties currently utilized or necessary to the operations or business of the Seller's Assets.
- (d) Rights to Facilities. Seller has good and valid rights to occupy and to obtain access to the areas where the collection mains, discharge lines and other facilities of the Assets are located.
- (e) Threatened Litigation. There are no threatened claims, actions, investigations or legal or administrative proceedings regarding the Assets or Seller's ability to transfer the Assets, nor does Seller know of any basis for any such claim, action or proceeding.
- (f) Seller currently owns the Assets, that are operated by Aqua under the Receivership, that presently provides wastewater service to its customers exclusively in the area depicted on Schedule 1 as the Requested Service Territory.

7. **REPRESENTATIONS AND WARRANTIES OF AQUA**

Aqua hereby represents and warrants to Seller as follows:

- (a) Organization. Aqua is a corporation duly organized and validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.
- (b) Due Authorization; Valid and Binding. Aqua has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of Aqua.
- (c) Financial Wherewithal. Aqua has the financial wherewithal to complete the

purchase of the Assets as contemplated hereunder and upon completion of Closing, to operate and manage the Assets at, or exceeding, the level of service provided by the Seller prior to Closing.

8. **NONLIABILITY**

Seller hereby acknowledges that, following the effective time of Closing, Aqua shall be responsible for the provision of wastewater service to the customers of Seller. Other than the future provision of wastewater service, Aqua does not and shall not assume or incur any liability or obligation of Seller of any nature whatsoever, express or implied, fixed or contingent, known or unknown.

9. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations, covenants, warranties and agreements made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder or in connection with the negotiation, execution and performance of this Agreement shall survive the Closing.

10. **MISCELLANEOUS**

10.1 Contents of Agreement; Parties in Interest; etc.

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

10.2 Binding Effect

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the legal representatives, successors and assigns of Seller or Aqua.

10.3 Waiver

Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

10.4 Notices

Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by nationally recognized overnight courier, as follows:

If to Aqua:

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

Attention: Marc Lucca, President

With a required copy to:

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Attention: Frances Orth, Esq.  
Vice President, Senior Managing Counsel

And to:

Stephen McConnell, Esq.  
Reger Rizzo & Darnall LLP  
2929 Arch St., 13<sup>th</sup> Floor  
Philadelphia, PA 19014

If to Seller:

North Heidelberg Sewer Company  
221 Koenig Road  
Bernville, PA 19506  
Attn.: Joseph Aichholz III

With a required copy to:

Cooper Law PLLC  
P.O. Box 560  
Leesport, PA 19533  
Attn.: Sean Cooper, Esq.

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

10.5 Law to Govern

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to any conflicts of laws provisions.

10.6 No Third Party Beneficiaries

The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons. Notwithstanding anything to the contrary contained herein, no provision of this Agreement is intended to benefit any party other than Seller and Buyer, as the named parties hereunder, and no provision of this Agreement shall be enforceable by any other party.

10.7 Reserved.

10.8 Exhibits and Schedules

All Exhibits, Attachments and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

10.9 Cooperation/Further Assurances

Seller from time to time after the Closing, at Aqua's request, and without additional compensation, will execute, acknowledge and deliver to Aqua such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Aqua may reasonably require in order to vest in Aqua, and/or to place Aqua fully in possession of, all of the Assets. Each of the parties hereto, without additional compensation, will cooperate with the other and execute and deliver to the other such instruments and documents and take such actions as may be reasonably requested from time to time by any other party hereto as necessary to carry out, evidence and confirm the purposes of this Agreement.

10.10 Severability

Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

10.11 Counterparts

This Agreement may be executed by facsimile, electronically or by exchange of documents in PDF format, and in several counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single agreement. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

10.12 THIS AGREEMENT SHALL NOT BE BINDING ON AQUA UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF AQUA.

*Balance of page intentionally left blank – signatures appear on following page*

*Signature page – Assets Purchase Agreement*

**IN WITNESS WHEREOF**, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

**SELLER:  
NORTH HEIDELBERG SEWER COMPANY**

By: Joseph M. Aichholz III  
Name: Joseph Aichholz III  
Its: Vice President, Treasurer, and Secretary

**BUYER:  
AQUA PENNSYLVANIA WASTEWATER, INC.**

By: \_\_\_\_\_  
Name: Marc A. Lucca  
Its: President

*Signature page – Assets Purchase Agreement*

**IN WITNESS WHEREOF**, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

**SELLER:  
NORTH HEIDELBERG SEWER COMPANY**

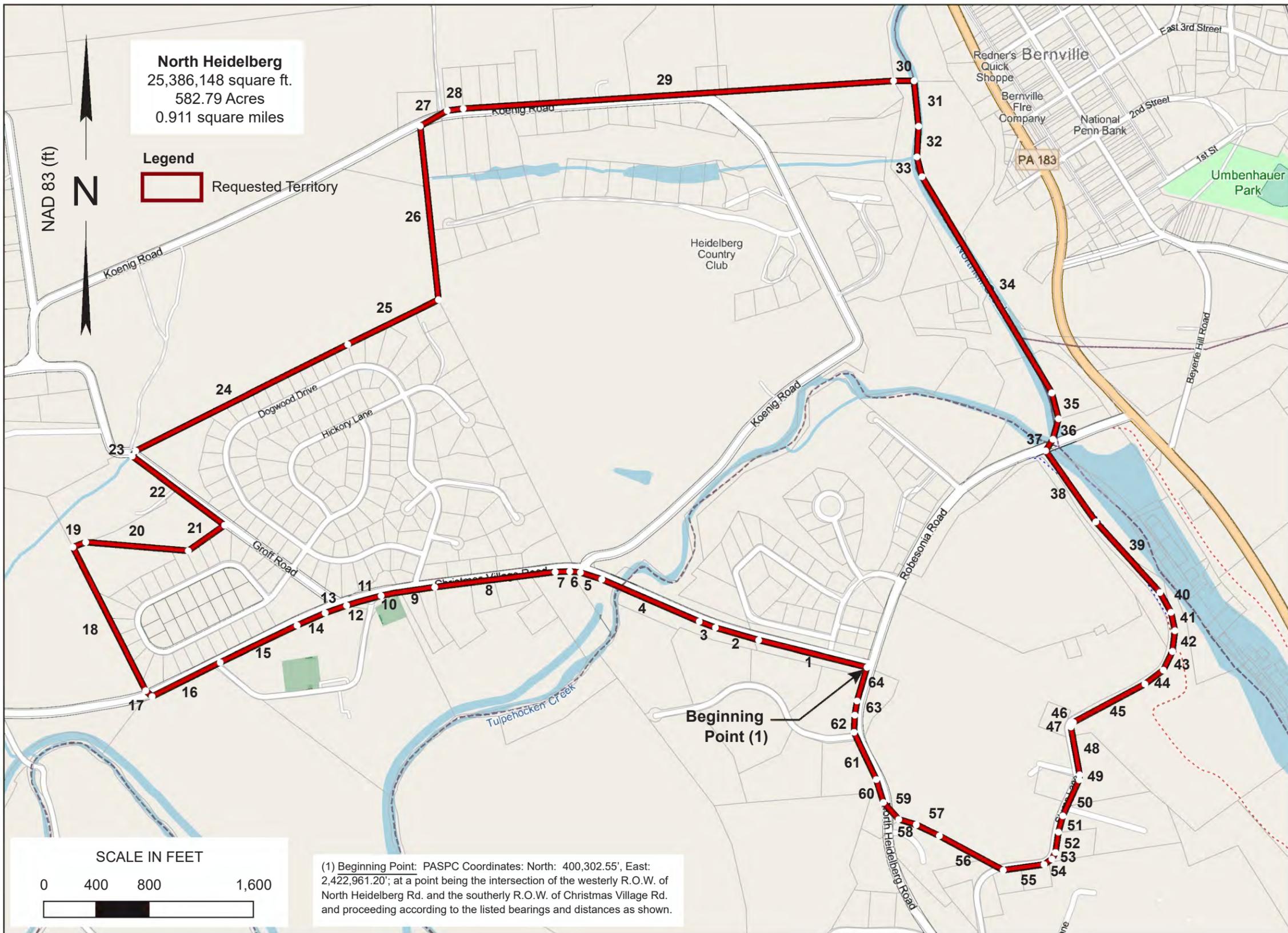
By: \_\_\_\_\_  
Name: Joseph Aichholz III  
Its: Vice President, Treasurer, and Secretary

**BUYER:  
AQUA PENNSYLVANIA WASTEWATER, INC.**

By:  \_\_\_\_\_  
Name: Marc A. Lucca  
Its: President

**Schedule 1**

**Requested Service Territory**



**North Heidelberg**  
 25,386,148 square ft.  
 582.79 Acres  
 0.911 square miles

**Legend**  
 Requested Territory

(1) Beginning Point: PASPC Coordinates: North: 400,302.55', East: 2,422,961.20'; at a point being the intersection of the westerly R.O.W. of North Heidelberg Rd. and the southerly R.O.W. of Christmas Village Rd. and proceeding according to the listed bearings and distances as shown.



**NORTH HEIDELBERG  
 SERVICE AREA TERRITORY**

Segment	Bearing	Dist. (ft)	Segment	Bearing	Dist. (ft)
1	N 76°03'40" W	853.75	33	S 14°36'58" E	156.54
2	N 73°56'17" W	344.72	34	S 31°05'39" E	1922.28
3	N 69°24'21" W	132.22	35	S 14°45'10" E	203.31
4	N 66°36'52" W	812.51	36	S 15°14'58" W	162.54
5	N 72°13'14" W	172.22	37	S 32°25'13" W	104.00
6	N 84°26'35" W	81.40	38	S 35°22'47" E	663.24
7	S 87°50'35" W	112.32	39	S 42°23'45" E	727.49
8	S 82°49'50" W	928.54	40	S 29°11'11" E	173.28
9	S 81°40'45" W	315.08	41	S 12°13'27" E	144.05
10	S 78°16'54" W	100.62	42	S 07°04'49" W	158.21
11	S 74°54'27" W	177.38	43	S 26°05'02" W	158.07
12	S 73°14'47" W	96.84	44	S 52°51'17" W	176.90
13	S 70°46'29" W	174.24	45	S 61°54'55" W	620.87
14	S 66°15'35" W	234.88	46	S 36°24'45" W	21.90
15	S 64°26'35" W	652.05	47	S 18°39'20" W	17.98
16	S 63°28'25" W	582.31	48	S 10°26'14" E	369.85
17	N 47°32'45" W	66.73	49	S 05°56'47" W	38.61
18	N 27°00'09" W	1225.88	50	S 24°23'55" W	302.01
19	N 69°00'24" E	104.68	51	S 15°12'43" W	126.72
20	S 85°11'59" E	787.28	52	S 08°25'20" W	157.04
21	N 54°54'56" E	340.21	53	S 28°03'29" W	57.40
22	N 53°22'04" W	881.41	54	S 55°40'22" W	73.26
23	N 34°06'24" E	47.67	55	S 82°01'08" W	315.57
24	N 63°27'01" E	1814.52	56	N 61°44'56" W	554.57
25	N 63°53'21" E	773.08	57	N 64°45'41" W	195.68
26	N 06°01'01" W	1328.57	58	N 73°19'33" W	139.62
27	N 60°07'22" E	237.75	59	N 42°22'41" W	175.01
28	N 82°51'55" E	123.57	60	N 17°04'53" W	183.47
29	N 86°18'54" E	3299.96	61	N 25°26'13" W	397.40
30	N 89°52'14" E	156.86	62	N 02°39'15" E	130.80
31	S 05°41'20" E	348.99	63	N 09°11'38" E	109.70
32	S 03°09'13" W	232.06	64	N 16°25'03" E	268.09



**Note**  
 Bearings, distances, area obtained from extent of existing infrastructure and parcel shapefiles, obtained from <http://www.pasda.psu.edu/>. The resultant bearings, distances and area do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION
5.		
4.		
3.		
2.	4/25/22	REVISED AREA TO MATCH EXISTING CERTIFIED TERRITORY
1.	2/14/22	ADDED LIFT STATION, WWTP AND PUMP STATIONS

**Proposed Service Territory**  
 North Heidelberg, Berks County, Pennsylvania

DATE: 1/12/21    SCALE: 1" = 800 feet    SCHEDULE **1**

## **Schedule 1.1**

### **Assets**

#### **I. TREATMENT FACILITIES:**

1. One (1) Wastewater Treatment Facility, equipped with (at a minimum) electric power, telephone lines and sewage disposal lines and/or systems, and all other related treatment equipment and processes, each equipped with (at a minimum) electric power, telephone lines and sewage disposal lines and/or systems, and all other related or necessary treatment equipment and processes, including, without limitation, the following:
  - (a) Three (3) blowers at plant
  - (b) One (1) UV system
  - (c) Two (2) EQ tanks (one (1) 25,000 gal. and one (1) 10,000 gal.)
  - (d) Two (2) 50,000 gal. Aeration tanks
  - (e) Two (2) 10,000 gal. clarifiers
  - (f) One (1) 2,000 gal. filter containing two (2) basins (on-site but to be removed due to damage sustained in Hurricane Ida)
  - (g) Two (2) sludge holding tanks (one (1) 25,000 gal. and one (1) 10,000 gal.)

#### **II. COLLECTION AND CONVEYANCE SYSTEM:**

1. All wastewater collection and conveyance (gravity and/or force) mains and lines, and related appurtenances, including fittings, holding tanks, odor control stations, effluent discharge lines, and laterals (from mains to the curb line or edge-of-road), including, without limitation, those located within the private or publicly dedicated streets, roads, alleys of the development known as Country Club Estates, as well as Clubhouse Drive, Dogwood Drive, Oak Place, Pine Place, Groff Road, Hickory Lane, Christmas Village Road, Heidelberg Court, and Keonig Road.
2. No less than four (4) pump stations (including electric and other utilities, if applicable), manholes, and other related appurtenances ancillary to the mains and lines referenced above.
3. Any and all valves, fittings, clean-outs, air release valves, blowers, manholes and other related appurtenances related to those facilities located in Seller's System.
4. Two Hundred Seventy-Two (272) residential and One (1) commercial accounts (273

total accounts).

5. A minimum of 273 company service laterals from the main to the curb-line or edge of road.
6. One (1) generator associated with the treatment facilities (on-site but to be removed due to damage sustained in Hurricane Ida).

### **III. REAL ESTATE**

1. Fee title to all parcels of land associated with the Treatment Facilities and Collection System, including but not limited to the following:
  - (a) Land, buildings and improvements situate at Berks County Tax Parcel #53445614440058 as set forth more fully in Record Book 2464, Page 2055.
  2. Various easements and/or rights of way as required, including permanent and perpetual access (including, but not limited to, pedestrian, vehicular and utilities) to and for the Treatment Facilities and Collection and Conveyance System, including but not limited to the following:
    - (a) Easements for any and all components of the Assets located outside of any roads that are not dedicated to a state or municipal entity.
    - (b) Assignment of rights-of-way, including rights set forth in Deed Book 2464, page 2055 and on Plan book No. 198, page 35; and
    - (c) Right-of-way on existing Township streets.

### **IV. MISCELLANEOUS:**

1. Assignment of any and all manufacturer's warranties for the Assets;
2. Any and all permits associated with the Assets, including Assignment of **NPDES** and **WQM** required permits;
3. Billing records, including a list of the names and addresses of all wastewater customers at the time of Closing;
4. Maps and/or Plans of the existing Assets in place at the time of Closing;
5. Keys to any and all buildings included as components of the Assets;

6. Copies, of the originals, of all agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, certificates, and other instruments belonging to Seller that are part of or related to the Assets;
7. All machinery, equipment, inventory and other tangible property, personal property, including tools, supplies, inventories and customer records and contracts, financial records, engineering drawings, vendor contracts, environmental reports and all other records necessary to the continued operation of the Assets;
8. Fixtures, tangible personal property and equipment as existing on the aforesaid site as of the date of this Agreement;
9. Any and all vehicles associated with the System, including those with VIN #s 1FM5K708706886220 and 1FTEX1EM2EFB48870 (both vehicles sold for salvage due to damage in Hurricane Ida); and
10. All Seller's meters associated with the collection, conveyance or treatment of wastewater.

**Schedule 1.5**

**Assumed Contracts**

None.

## **Schedule 2.4**

### **Permits to be Transferred**

#### **I. NPDES PERMITS**

1. NPDES Permit No. PA 0033766

#### **II. WQM PERMITS**

1. Pump Station 0: Pennsylvania Department of Health – Sanitary Water Board  
Permit No. 00669403
2. Pump Station 1: Permit No. 0694411
3. Pump Station 2: Permit No. 0601405
4. Pump Station 3: Permit No. 0603401
5. Wastewater Treatment Facility: Permit No. 0602411

**Schedule 4.1(b)**

**Current Base Rates**

Listed below are Seller's Base Rates as of the Effective Date.

**I. FLAT RATE:**

1. For EDU's allocated to an used by an improved property to discharge domestic sanitary wastewater during any portion of any billing period the monthly wastewater service charge per EDU shall consist of a fixed charge of seventy-eight dollars (\$78.00).

**II. METERED RATE:**

1. Monthly wastewater service charge shall be comprised of a customer charge combined with a consumption charge based on metered water usage:

(a) Customer Charge:

	Monthly
Residential	\$28.00
Commerical	\$54.00

(b) Consumption Charge:

Residential:

First 1,000 Gallons included in Customer Charge	
Block One:	\$13.06 per 1,000 Gallons up to 6,000 Gallons
Block Two:	\$7.92 per 1,000 Gallons

Commerical: \$7.92 per 1,000 Gallons

**APPENDIX B**  
**Plan for Improvements**



# Memorandum

April 7, 2022

<b>To</b>	Mark Bubel, Kyle McCullough, Aqua Pennsylvania		
<b>From</b>	Charles J. Winslow, PE	<b>Tel</b>	215.853.3331
<b>Copies to</b>		<b>Project no.</b>	11221078
<b>Subject</b>	North Heidelberg Wastewater System Plan for Improvements		

## North Heidelberg Wastewater System Plan for Improvements

### Description of System

#### General

The North Heidelberg Treatment Plant (WWTP) is operated under a receivership by Aqua Pennsylvania Wastewater Inc. (Aqua). The WWTP provides wastewater treatment service to North Heidelberg and Jefferson Townships, Berks County, Pennsylvania. The WWTP discharges to Outfall No. 001 which flows into Northkill Creek. The WWTP is regulated by the Pennsylvania Department of Environmental Protection (PADEP) under National Pollutant Discharge Elimination System (NPDES) Permit No. PA0033766 (Appendix A).

#### Collection System

The existing collection system consists of a combination of gravity and pumped lines to the WWTP. The collection system is a combination of terracotta, PVC, and concrete piping, and contains four sewage pumping stations. The condition of the collection system is classified as fair condition. Historically Repairs have been completed to the collection system on an as needed basis.

The collection system consists of the following approximate lengths of pipe (based on available GIS data):

Table 1 Sewer Main Lengths

Type	Length
Force Main	5,940 LF
Gravity Main	27,350 LF

The Pumping Stations include the following:

Table 2 Pump Station Summary

Name	Type	Capacity [GPM/pump]	Back Up Power	General Overall Condition
Pump Station 0	Submersible	(2) - 120	No	Good

Name	Type	Capacity [GPM/pump]	Back Up Power	General Overall Condition
Pump Station 1	Submersible	(2) - 125	No	Good
Pump Station 2	Submersible	(2) - 110	No	Good
Pump Station 3	Submersible	(2) - 50	No	Good

## Wastewater Treatment Plant

The WWTP NPDES Permit No. PA0033766 currently has a permitted design hydraulic capacity of 0.10 MGD. The WWTP was expanded in 2003 to add two (2) extended aeration trains and an ultraviolet (UV) disinfection system. The WWTP is in generally fair condition and has a history of fecal coliform effluent limit violations. A site plan for the WWTP can be found in Appendix B:

The treatment systems at the facility generally consists of the following:

Manual bar rack > Aerated equalization > EQ Pumping > Extended Aeration > Clarification > UV Disinfection

It should be noted that a number of these unit processes and their support systems (electrical/mechanical) were in need of upgrades in order to maintain permit compliance prior to Hurricane Ida. The Hurricane further damaged these units and others, requiring temporary emergency repairs. Permanent solutions are still needed, which is the focus of this report.

The average day flow to the WWTP is less than the design hydraulic capacity. In 2018, the annual average daily flow was 67,000 gpd. The average grade elevation across the site ranges from approximately 513 to 520 ft. The treated wastewater discharges, via Outfall No. 001, to the Northkill Creek. The Northkill Creek is located in State Water Plan watershed 3-C and is classified as a high-quality trout stream.

## Storm Damage

### Hurricane Ida

Between August 31<sup>st</sup> and September 5<sup>th</sup>, 2021, tornadoes, torrential downpours and catastrophic flooding resulted as Hurricane Ida and her remnants passed over Pennsylvania. As a result of these storms the North Heidelberg WWTP experienced significant damage. While the treatment plant is located outside the 100-year floodplain, localized flooding was caused by the collapse of a dual 24-inch culvert that routes the nearby stream under an embankment and a golf cart path. Consequently, approximately three to four feet of standing water flooded the operations building, blower room, disinfection building, electrical room, generator, and ground level equalization and surge tanks at the rear of the facility. As a result of high groundwater, the sand filter within the disinfection building popped out of the ground, the existing UV system was destroyed, the blowers were damaged, electrical systems were damaged, generator was not operable, the masonry walls were damaged, and the roof was lifted off the area of the disinfection building where the sand filter made impact.

### Emergency Repairs

As part of the emergency response GHD, Alan Myers, and Vietri Electric were tasked with bringing the WWTP back online. Following an initial site visit it was determined that an Army Corps of Engineer flowage easement just south of the treatment plant was a contributing factor to the flooding. GHD, Aqua, and Alan Myers concluded that phase one of the emergency repair was to pump flood waters from the flowage easement to the other side of the blocked culvert. While the flow easement way was being emptied, GHD worked with Alan Myers, Vietri, and Aqua on addressing the ongoing sanitary overflows at the plant. Bypass pumps and frac tanks were mobilized and liquid hauling was coordinated; a new UV system was installed; the damaged blowers were repaired; temporary chemical treatment and metering were installed; and work commenced to replace the collapsed culvert pipe with a new 36" primary culvert and 20" emergency/backup culvert. On September 28, 2021, the WWTP was operational, with disinfection being achieved via the newly installed Enaqua UV system.

# System Deficiencies

## Collection System

Due to the nature of the study undertaken and the limited information provided by the North Heidelberg Sewer Company to Aqua regarding the overall status of the collection system a thorough analysis of the system has not been provided. However, based on discussions with Aqua it is our understanding that the collection system is a mixture of terracotta, concrete, and PVC piping. In our experience with rehabilitating terracotta systems, it is often observed that this piping having joints every five feet is likely going to be high contributor to inflow and infiltration (I/I) within the overall system.

## Treatment Plant

Prior to this memo and prior to Hurricane Ida GHD developed a WWTP evaluation which assessed various processes within the WWTP using an asset management approach. Table 3 shows the summary of risk scores for each of these items.

**Table 3** Summary of Unit Process Business Risk Scores

	Probability of Failure Rating	Consequence of Failure Rating	Business Risk Score	Business Risk
Manual Bar Screen	4	2.5	10	Medium risk
Equalization and Surge Tanks	4	2.6	10.4	Medium risk
Secondary Treatment System	3	3.6	10.8	Medium Risk
Effluent Disinfection System	2	2.9	5.7	Medium Risk
Electrical Distribution Equipment	5	2	10	Medium Risk
Electrical Control Equipment	5	2.6	13	High Risk

In addition to the deficiencies and associated risks outlined in Table 3, the following issues have been identified in the treatment / lab / office building that now need to be addressed as a result of the Hurricane:

- Significant damage has been caused to the roof above the previously utilized disinfection building.
- Due to high groundwater/flooding the existing steel tank within the disinfection building floated and popped out of the ground.
- The existing garage door has been damaged and no longer functions as intended.
- Significant damage has been caused to the concrete floor slab in the disinfection building.
- The previously utilized UV system has been destroyed and needs to be removed.
- Lab space, electrical room, generator, chemical rooms, and blowers where all submerged and in need of replacement/rehabilitation in order to ensure proper compliance operation.

## Preliminary Investigation & Recommendations

The deficiencies and recommended improvements outlined within this document were compiled from conversations with representatives of Aqua Pennsylvania and various site visits to the North Heidelberg WWTP by GHD personnel. As a result of these meeting and analysis GHD has taken a conservative approach to the following recommendations, using the condition and capacity assessments and Business Risk scoring to recommend upgrades to the WWTP for an extended (30+ years) useful life. Since it is understood and reported that limited new connections are anticipated in the future, the recommendations in this memo are not intended to increase the hydraulic and/or organic treatment capacity of the WWTP.

## Plan to Correct System Deficiencies

As part of the study and investigations GHD conducted the following summary of improvements are recommended for the North Heidelberg WWTP.

## Treatment/Lab/Office Building Demo and Improvements

The existing main building consists of an office, blower room, and a dosing room. The office does not have any ventilation and has one electric unit heater. The ventilation system in the blower room consists of one wall mounted fan, one ceiling mounted fan, and no heating. The blower intake louver is always open and does not have a bird screen installed. The dosing room does not contain any fans, louvers, or heaters. The existing NPDES permit includes filtration in the treatment process. North Heidelberg WWTP currently does not filter the effluent from the treatment tanks. The following items are recommended to improve the treatment, lab, and office building.

- Remove and replace broken truss framing/decking, repair/replace/repoint impacted masonry. Upon completion of the roof framing, re-roof the structure in its entirety with a standing seam metal roof.
- Demolish and remove the existing floated steel tank in filter room.
- Add flowable fill (4,000 PSI) to support existing wall footings which may have been undermined.
- Demolish and remove concrete floor slab in the filter/UV room.
- Excavate, stone, and backfill for concrete work.
- Space should be allocated in anticipation of a new Aqua Aerobics mini-disc filtration system installed during a future project. This work will require a concrete pour of in the depressed section of the building to accommodate the new equipment. Install floor slab at areas above this elevation and handrail around the depressed area.
- Relocate the existing Enaqua UV system, temporarily located in the exterior shed, to the treatment room.
- Provide all piping, valves, appurtenances for a complete and operational system.
- Remove and replace the lighting in the filter/UV room.
- Remove and replace the damaged garage door.
- Install new sump pump and piping.
- Paint block wall building interior of blower room and electric/hallway.
- Clad walls with insulated FRP panels in filter/UV and lab space.
- Remove and replace all doors and windows.
- Provide a spare process blower.
- Install new unit heaters.
- Replace blower intake louver with dedicated blower louver with bird screen and manual damper.
- Replace all blower room ventilation equipment with dedicated openings independent of the blower intake.
- Add ventilation to the dosing room and office.
- Repair the dosing room sink.
- Add emergency shower and eyewash station to the dosing room with new temporary water supply.
- Replace water service line from curbstop to gate at front of the plant.
- Provide and install lab furnishings (desk and shelving) \$5,000 allowance.

## Miscellaneous Electrical Upgrades

The existing generator was installed in 2003 and is nearing the end of its useful life. The existing electrical panels do not have arc flash stickers. Existing exterior electrical panels contain damaged or improper weatherproofing that can cause equipment failure. Interior and exterior lighting is limited and causes safety issues during emergency equipment maintenance. The following recommendations are outlined below.

- Remove existing generator and install new generator with an automatic transfer switch.
- Perform arc flash study.
- Remove and replace all electrical components.

- Upgrade electric service and distribution service.
- Provide alarming interconnections from UV system to existing Omni-site alarm system.
- Weatherproof exterior electrical panels.
- Remove and replace lighting in the filter/UV room.
- Upgrade exterior site lighting (three wooden poles).
- Upgrade control panels to Aqua's standard.

## Equalization System Upgrades

The existing manual bar screen is maintenance heavy and allows substantial amounts of solids and debris to enter the Equalization Tank and Surge Tank. These solids and debris cause the equalization pumps to fail and clog regularly. The existing equalization pumps are oversized for the application and currently pump with a blowoff valve partially open to limit the pump capacity. During high flow events the equalization tank is filled and the surge tank is to be used for secondary storage. When the equalization pumps and the surge pumps operate simultaneously, the existing extended aeration tanks and UV system are overwhelmed. The following items are recommended to upgrade the current equalization system.

- Remove and replace influent box with new channel grinder.
  - The grinder is recommended to be installed in a new influent channel.
- Install level monitoring within the influent chamber to detect if the grinder becomes jammed.
- Replace the two (2) existing equalization pumps and provide one (1) shelf spare pump.
  - Pumps to be controlled by an ultrasonic level sensor with four (4) back-up floats.
  - Install new outdoor control panel (HOA) which separates pump controls and power.
  - VFDs to be installed within the existing control building.
- Install a new pump station valve vault for the influent pumps.
- Remove and dispose of existing equipment on the far side EQ tank that is no longer in use (splitter box and piping).
- Use a torch to burn openings in the wall hydraulically separating the tank into two compartments in its current condition.
- Completely dewater the two (2) EQ tanks and coordinate complete cleaning.
  - Replace damaged diffuser heads if observed at that time.
- Install pipe between EQ Tank and Surge Tank to hydraulically connect at the bottom of the tanks.
- Restore site with new gravel.

## Improve The Reliability of The Pump Stations and Collection System

None of the existing pump stations have emergency back-up power systems. During extended power outages, the pump stations are potential sources of sanitary sewer overflows (SSO). The electrical panels for Pump Station 3 do not have the necessary working clearance required by code and, in general, the existing electrical panels at all the pump stations do not meet current electrical code requirements or Aqua's standards. Also, there is limited site lighting at the pump stations. Additionally, it is our understanding that the approximately 650 linear feet of force main leaving Pump Station 0 is black iron pipe which has previously corroded and is likely in need of replacement. The following items are recommended to improve the reliability of the pump stations:

- Relocate the fence at Pump Station 3 to provide 42 inches (minimum) of working clearance in front of the electrical panels.
- Upgrade pump control panels to meet Aqua's standard.
- Install the following generators with emergency docking stations:
  - 40KW generator at Pump Station 0.
  - 30KW generator at Pump Station 1, 2, and 3.
- Install site lighting at Pump Stations 1, 2, and 3.

- Inspect all manholes to determine deficiencies.
- Camera collection system piping to determine deficiencies.
- Replace approximately 650 LF of 6" force main at PS 0 with 6" C-900 PVC pipe.

## Estimated Cost for Capital Improvements

A preliminary opinion of probable construction cost for the Capital Improvement Plan (CIP) was developed for the PSs and WWTP within the North Heidelberg collection system. This cost estimate only considers the recommended improvements. It should be noted that the cost is variable based on the upgrades selected for implementation. Table 4 summarizes budgetary cost estimates for design and construction of each recommendation.

Table 4 Project Cost Estimate for Recommended System Improvements

Cost Analysis	Estimated Costs
<b>Pumping Station Improvements</b>	
Pump Station 0 Improvements	\$130,000
Pump Station 1 Improvements	\$150,000
Pump Station 2 Improvements	\$150,000
Pump Station 3 Improvements	\$150,000
<b>Pump Station Total</b>	<b>\$580,000</b>
<b>WWTP Rehabilitation</b>	
Treatment/Lab/Office Building Demo	\$225,000
Treatment/Lab/Office Building Improvements & Relocation of UV System	\$385,000
Miscellaneous Plumbing Improvements & Water Service Line Replacement	\$25,000
WWTP Electrical Instrumentation and Controls Upgrades	\$450,000
WWTP EQ Tanks & Pumps	\$300,000
<b>WWTP Rehabilitation Total</b>	<b>\$1,385,000</b>
<b>Collection System Improvements</b>	
CCTV Collection System <sup>1</sup> & Manhole Inspections <sup>2</sup>	\$115,000
Replacement or Rehabilitation of Terracotta Pipe <sup>3</sup>	\$700,000
Replace 650LF PS 0 Forcemain <sup>4</sup>	\$150,000
<b>Collection System Total</b>	<b>\$965,000</b>
<b>System Investment Total (i.e. Pumping Stations + WWTP + Collection System)</b>	<b>\$2,930,000</b>

Notes:

1. Cost for CCTV work was estimated to be \$2 per linear feet with a total length of 27,353 of gravity pipe in the collection system to be assessed.
2. Manholes were assumed to be located every 200 feet and the cost to rehabilitate is estimated at \$200 per manhole.
3. It was estimated that 10% of the collection system will be in need of replacement or rehabilitation at a cost of \$250 per linear foot.
4. It was estimated that the cost to replace the PS 0 force main would be approximately \$230 per linear foot.

Additional cost analysis is provided in the below table which separates costs incurred due to Hurricane Ida opposed to the costs assumed following Aquas acquisition of the North Heidelberg Collection System. Also shown is the total cost assumed for each of the approximately 275 customers within the North Heidelberg System.

**Table 5**      *Costs Per Customer*

	<b>Damages</b>	<b>Total Per Customer</b>
Ida Costs	\$800,000 (Spent)	\$2,909
	<b>Total Investment (not including \$800k above)</b>	<b>Total Per Customer</b>
Costs After Acquisition	\$2,930,000	\$10,655

Due to the damages incurred by Hurricane Ida it is recommended that Aqua secure and plan to remediate the damaged building and begin I/I investigations in the collection system to eliminate the possibility of further damages or risk to employee safety. This data will be used for further capital planning and identification of immediate needs which need to be addressed. The following is a high-level milestone schedule for planning purposes.

Table 6 Preliminary Planning & Construction Schedule

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
WWTP Immediate Needs	\$500,000									
WWTP Improvements			\$85,000	\$700,000						\$100,000
Pump Station Improvements				\$30,000	\$250,000	\$50,000	\$250,000			
Collection System Condition Assessment	\$100,000									
Collection System Improvements			\$165,000				\$600,000	\$100,000		
Total Yearly Investment	\$600,000		\$ 250,000	\$730,000	\$250,000	\$50,000	\$850,000	\$100,000		\$100,000

# Appendices

# **Appendix A**

**NPDES Permit**

Permit



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

**AUTHORIZATION TO DISCHARGE UNDER THE  
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
DISCHARGE REQUIREMENTS FOR NON-MUNICIPAL  
SEWAGE TREATMENT WORKS**

**NPDES PERMIT NO. PA 0033766**

In compliance with the provisions of the Clean Water Act, 33 U.S.C. Section 1251 *et seq.* ("the Act") and Pennsylvania's Clean Streams Law, as amended, 35 P.S. Section 691.1 *et seq.*,

**NORTH HEIDELBERG SEWER COMPANY  
PO BOX 609  
BERNVILLE, PA 19506**

is authorized to discharge from a facility known as **North Heidelberg Sewer Company WWTP**, located at **Jefferson Township, Berks County** to the **Northkill Creek** in **Watershed 3-C** in accordance with effluent limitations, monitoring requirements and other conditions set forth in PARTs A, B and C hereof.

**THIS PERMIT SHALL BECOME EFFECTIVE ON MAY 1, 2009.**

**THIS PERMIT SHALL EXPIRE AT MIDNIGHT ON APRIL 30, 2014.**

The authority granted by this permit is subject to the following further qualifications:

1. If there is a conflict between the application, its supporting documents and/or amendments and the terms and conditions of this permit, the terms and conditions shall apply.
2. Failure to comply with the terms, conditions, or effluent limitations of this permit is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for denial of a permit renewal application. 40 CFR 122.41(a)
3. A complete application for renewal of this permit, or notice of intent to cease discharging by the expiration date, must be submitted to DEP at least 180 days prior to the above expiration date (unless permission has been granted by DEP for submission at a later date), using the appropriate NPDES permit application form. 40 CFR 122.41(b), 122.21(d)

In the event that a timely and complete application for renewal has been submitted and DEP is unable, through no fault of the permittee, to reissue the permit before the above expiration date, the terms and conditions of this permit, including submission of the Discharge Monitoring Reports (DMRs), will be automatically continued and will remain fully effective and enforceable against the discharger until DEP takes final action on the pending permit application. 25 Pa. Code 92.9.

4. This NPDES permit does not constitute authorization to construct or make modifications to wastewater treatment facilities necessary to meet the terms and conditions of this permit.

DATE PERMIT ISSUED \_\_\_\_\_

ISSUED BY \_\_\_\_\_

DATE PERMIT AMENDMENT ISSUED \_\_\_\_\_

TITLE: **Lee A. McDonnell, P.E.**  
**Water Management Program Manager**

**PART A - EFFLUENT LIMITATIONS, MONITORING, RECORDKEEPING AND REPORTING REQUIREMENTS****I. EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS**

**A. For Outfall 001, Latitude 40°25'51", Longitude 76°06'58", River Mile Index 0.43, Stream Code 01902, Discharging to Northkill Creek**

which receives wastewater from the wastewater treatment plant.

1. The permittee is authorized to discharge during the period from May 1, 2009 through April 30, 2014.
2. Based on the anticipated wastewater characteristics and flows described in the permit application and its supporting documents and/or amendments, the following effluent limitations and monitoring requirements apply (see also Additional Requirements, Footnotes, and Supplemental Information).

Discharge Parameter	Effluent Limitations						Monitoring Requirements	
	Mass Units (lbs/day) <sup>(1)</sup>		Concentrations (mg/L)				Minimum <sup>(3)</sup> Measurement Frequency	Required Sample Type
	Monthly Average	Weekly Average	Minimum	Monthly Average	Weekly Average	Instantaneous Maximum <sup>(2)</sup>		
Flow (mgd)	Report	Report Daily Max	XXX	XXX	XXX	XXX	Continuous	Measured
Influent <sup>(4)</sup> (BOD <sub>5</sub> and TSS)	Report	Report Daily Max	XXX	Report	XXX	XXX	1/Week	24-hr comp
pH (S.U.)	XXX	XXX	6.0	XXX	XXX	9.0	1/day	Grab
Dissolved Oxygen	XXX	XXX	5.0	XXX	XXX	XXX	1/day	Grab
Total Suspended Solids	25	40	XXX	30	45	60	1/Week	24-hr comp
CBOD <sub>5</sub>	21	33	XXX	25	40	50	1/Week	24-hr comp
NH <sub>3</sub> -N	16	XXX	XXX	20	XXX	40	1/Week	24-hr comp
Total Phosphorus	0.83	XXX	XXX	1.0	XXX	2.0	1/Week	24-hr comp
Fecal Coliform (5/1 to 9/30) <sup>(5)</sup>	XXX	XXX	XXX	200	XXX	XXX	1/Week	Grab
Fecal Coliform (10/1 to 4/30) <sup>(5)</sup>	XXX	XXX	XXX	2,000	XXX	XXX	1/Week	Grab

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

- ° at discharge from facility.

**PART A - EFFLUENT LIMITATIONS, MONITORING, RECORDKEEPING AND REPORTING REQUIREMENTS (Con't)**

**3. Additional Requirements:**

- a. The discharger may not discharge floating materials, oil, grease, scum, foam, sheen and substances which produce color, taste, turbidity, or settle to form deposits in concentrations or amounts sufficient to be, or creating a danger of being, inimical to the water uses to be protected or to human, animal, plant, or aquatic life. 25 Pa. Code 92.51(6)
- b. Effective disinfection to control disease producing organisms from the period of May 1 to September 30 shall be the production of an effluent which will contain a concentration not greater than 200/100 ml of Fecal Coliform colonies, nor greater than 1,000/100 ml of these colonies in more than 10 percent of the samples tested. 25 Pa Code 92.2c (b)(2)

**Footnotes:**

- (1) When sampling to determine compliance with mass effluent limitations, the discharge flow at the time of sampling must be measured and recorded.
- (2) The Instantaneous Maximum Discharge Limitations are for compliance use by DEP only. Do not report instantaneous maximums on DMRs or supplemental DMRs unless specifically required on those forms to do so.
- (3) This is the minimum number of sampling events required. Permittees are encouraged, and it may be advantageous in demonstrating compliance, to perform more than the minimum number of sampling events.
- (4) See Part C I.F.
- (5) Fecal Coliform levels are reported as a geometric mean of colonies/100 ml.

## II. DEFINITIONS

*At Outfall (XXX)* means a sampling location in outfall line XXX below the last point at which wastes are added to outfall line (XXX), or where otherwise specified.

*Average* refers to the use of an arithmetic mean, unless otherwise specified in this permit. 40 CFR 122.41(l)(4)(iii)

*Best Management Practices (BMPs)* means schedules of activities, prohibitions of practices, maintenance procedures and other management practices to prevent or reduce the pollution to surface waters of the Commonwealth. BMPs also include treatment requirements, operating procedures and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw material storage. 25 Pa. Code 92.1

*Bypass* means the intentional diversion of waste streams from any portion of a treatment facility. 40 CFR 122.41(m)(1)(i)

*Calendar Week* is defined as the seven consecutive days from Sunday through Saturday, unless the permittee has been given permission by the Department to provide weekly data as Monday through Friday based on showing excellent performance of the facility and a history of compliance. In cases when the week falls in two separate months, the month with the most days in that week shall be the month for reporting.

*Clean Water Act* means the Federal Water Pollution Control Act, as amended. (33 U.S.C.A. §§1251 to 1387).

*Composite Sample* (for all except GC/MS volatile organic analysis) means a combination of individual samples (at least eight for a 24-hour period or four for an 8-hour period) of at least 100 milliliters (mL) each obtained at spaced time intervals during the compositing period. The composite must be flow-proportional; either the volume of each individual sample is proportional to discharge flow rates, or the sampling interval is proportional to the flow rates over the time period used to produce the composite. EPA Form 2C

*Composite Sample* (for GC/MS volatile organic analysis) consists of at least four aliquots or grab samples collected during the sampling event (not necessarily flow proportioned). The samples must be combined in the laboratory immediately before analysis and then one analysis is performed. EPA Form 2C

*Daily Average Temperature* means the average of all temperature measurements made, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar day or during the operating day if flows are of a shorter duration.

*Daily Discharge* means the discharge of a pollutant measured during a calendar day or any 24-hour period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the "daily discharge" is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the "daily discharge" is calculated as the average measurement of the pollutant over the day. 25 Pa. Code 92.1 and 40 CFR 122.2

*Daily Maximum Discharge Limitation* means the highest allowable "daily discharge."

*Discharge Monitoring Report (DMR)* means the DEP or EPA supplied form(s) for the reporting of self-monitoring results by the permittee. 40 CFR 122.2

*Estimated Flow* means any method of liquid volume measurement based on a technical evaluation of the sources contributing to the discharge including, but not limited to, pump capabilities, water meters and batch discharge volumes.

*Geometric Mean* means the average of a set of n sample results given by the nth root of their product.

*Grab Sample* means an individual sample of at least 100 mL collected at a randomly selected time over a period not to exceed 15 minutes. EPA Form 2C

*Hazardous Substance* means any substance designated under 40 CFR Part 116 pursuant to Section 311 of the Clean Water Act. 40 CFR 122.2

*Immersion Stabilization* (i-s) means a calibrated device is immersed in the wastewater until the reading is stabilized.

*Instantaneous Maximum* means the highest allowable discharge of a concentration of a substance at any one time as measured by a grab sample. 25 Pa. Code 92.1

*Measured Flow* means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.

*Monthly Average Discharge Limitation* means the highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

*Severe Property Damage* means substantial physical damage to property, damage to the treatment facilities that causes them to become inoperable, or substantial and permanent loss of natural resources that can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production. 40 CFR 122.41(m)(1)(ii)

*Stormwater* means the runoff from precipitation, snow melt runoff, and surface runoff and drainage. 25 Pa. Code 92.1

*Stormwater Associated With Industrial Activity* means the discharge from any conveyance which is used for collecting and conveying stormwater and which is directly related to manufacturing, processing or raw materials storage areas as defined at 40 CFR 122.26(b)(14) and 25 Pa. Code 92.1.

*Total Dissolved Solids* means the Total Dissolved (filterable) Solids as determined by the use of the method specified in 40 CFR Part 136.

*Toxic Pollutant* means those pollutants, or combinations of pollutants, including disease-causing agents, which after discharge and upon exposure, ingestion, inhalation or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains may, on the basis of information available to DEP cause death, disease, behavioral abnormalities, cancer, genetic mutations, physiological malfunctions, including malfunctions in reproduction, or physical deformations in these organisms or their offspring. 25 Pa. Code 92.1

### III. SELF-MONITORING, REPORTING AND RECORDKEEPING

#### A. Representative Sampling 40 CFR 122.41(j)(1)

1. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.
2. Records Retention 40 CFR 122.41(j)(2)

Except for records of monitoring information required by this permit related to the permittee's sludge use and disposal activities which shall be retained for a period of at least five years, all records of monitoring activities and results (including all original strip chart recordings for continuous monitoring instrumentation and calibration and maintenance records), copies of all reports required by this permit, and records of all data used to complete the application for this permit shall be retained by the permittee for three years from the date of the sample measurement, report or application. The three-year period shall be extended as requested by DEP or the EPA Regional Administrator.

#### 3. Recording of Results 40 CFR 122.41(j) (3)

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a. The exact place, date and time of sampling or measurements.
- b. The person(s) who performed the sampling or measurements.
- c. The date(s) the analyses were performed.
- d. The person(s) who performed the analyses.

- e. The analytical techniques or methods used; and the associated detection level.
- f. The results of such analyses.

4. Test Procedures 40 CFR 122.41(j)(4)

Facilities that test or analyze environmental samples used to demonstrate compliance with this permit shall be in compliance with laboratory accreditation requirements of Act 90 of 2002 (27 Pa. C.S. §§ 4101-4113), relating to environmental laboratory accreditation. Unless otherwise specified in this permit, the test procedures for the analysis of pollutants shall be those approved under 40 CFR Part 136 (or in the case of sludge use or disposal, approved under 40 CFR Part 136, unless otherwise specified in 40 CFR Part 503 or Subpart J of 25 Pa. Code Chapter 271), or alternate test procedures approved pursuant to those parts, unless other test procedures have been specified in this permit.

5. Quality/Assurance/Control

In an effort to assure accurate self-monitoring analyses results:

- a. The permittee, or its designated laboratory, shall participate in the periodic scheduled quality assurance inspections conducted by DEP and EPA. 40 CFR 122.41(e), 122.41(i)(3)
- b. The permittee, or its designated laboratory, shall develop and implement a program to assure the quality and accurateness of the analyses performed to satisfy the requirements of this permit, in accordance with 40 CFR Part 136. 40 CFR 122.4(j)(4)

B. Reporting of Monitoring Results

- 1. The permittee shall effectively monitor the operation and efficiency of all wastewater treatment and control facilities, and the quantity and quality of the discharge(s) as specified in this permit. 40 CFR 122.41(e) and 40 CFR 122.44(i)(1)
- 2. Unless instructed otherwise in PART C of this permit, a properly completed DMR must be received by the following address within 28 days after the end of each monthly report period 40 CFR 122.41(l)(4)(i):

Department of Environmental Protection  
Water Management Program  
909 Elmerton Avenue  
Harrisburg, PA 17110-8200

- 3. The completed DMR Form shall be signed and certified by either of the following applicable persons, as defined in 25 Pa. Code § 92.23 and 40 CFR 122.22(a), or by that person's duly authorized representative, as defined in 40 CFR § 122.22(b):
  - For a corporation - by a principal executive officer of at least the level of vice president, or an authorized representative, if the representative is responsible for the overall operation of the facility from which the discharge described in the NPDES form originates.
  - For a partnership or sole proprietorship - by a general partner or the proprietor, respectively.
  - For a municipality, state, federal, or other public agency - by a principal executive officer or ranking elected official.

If signed by a person other than the above, written notification of delegation of DMR signatory authority must be submitted to DEP in advance of or along with the relevant DMR form.

- 4. If the permittee monitors any pollutant at monitoring points as designated by the permit, using analytical methods described in PART A III.A.4. herein, more frequently than the permit requires, the results of this monitoring shall be incorporated, as appropriate, into the calculations used to report self-monitoring data on the DMR.

### C. Reporting Requirements

1. Planned Changes 40 CFR 122.41(l)(1) - The permittee shall give notice to DEP as soon as possible of any planned physical alterations or additions to the permitted facility. Notice is required when:
  - a. The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in 40 CFR §122.29(b).
  - b. The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are not subject to effluent limitations in this permit.
  - c. The alteration or addition results in a significant change in the permittee's sludge use or disposal practices, and such alteration, addition, or change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use or disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan.

#### 2. Anticipated Noncompliance

The permittee shall give advance notice to DEP of any planned changes in the permitted facility or activity that may result in noncompliance with permit requirements. 40 CFR 122.41(d)(i)

#### 3. Unanticipated Noncompliance or Potential Pollution Reporting

- a. Immediate Reporting - The permittee shall report incidents causing or threatening pollution in accordance with the requirements of 25 Pa. Code Section 91.33. If because of an accident, other activity, or incident a toxic substance or another substance which would endanger users downstream from the discharge, or would otherwise result in pollution or create a danger of pollution or would damage property, the permittee shall immediately notify the Department by telephone of the location and nature of the danger and if reasonably possible to do so, notify downstream users of the waters of the Commonwealth to which the substance was discharged. Such notice shall include the location and nature of the danger. The permittee shall immediately take or cause to be taken steps necessary to prevent injury to property and downstream users of the waters from pollution or a danger of pollution and, in addition, within 15 days from the incident, shall remove the residual substances contained thereon or therein from the ground and from the affected waters of this Commonwealth to the extent required by applicable law.
- b. The permittee shall report any noncompliance which may endanger health or the environment in accordance with the requirements of 40 CFR 122.41(l)(6). These requirements include the following obligations:
  - (i) 24-Hour Reporting - The permittee shall orally report any noncompliance with this permit which may endanger health or the environment within 24 hours from the time the permittee becomes aware of the circumstances. The following shall be included as information which must be reported within 24 hours under this paragraph:
    - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
    - (2) Any upset which exceeds any effluent limitation in the permit; and
    - (3) Violation of the maximum daily discharge limitation for any of the pollutants listed in the permit as being subject to the 24-hour reporting requirement. Note: see 40 CFR 122.44(g).

- (ii) Written Report - A written submission shall also be provided within five days of the time the permittee becomes aware of any noncompliance which may endanger health or the environment. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance.
- (iii) Waiver of Written Report - DEP may waive the written report on a case-by-case basis if the associated oral report has been received within 24 hours from the time the permittee becomes aware of the circumstances which may endanger health or the environment. Unless such a waiver is expressly granted by the Department, the permittee shall submit a written report in accordance with this paragraph. 40 CFR 122.41(l)(6)(iii)

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under paragraph C.3 of this section or specific requirements of compliance schedules, at the time DMRs are submitted. The reports shall contain the information listed in paragraph C.3.b.(ii) of this section. 40 CFR 122.41(l)(7)

**PART B**

**I. MANAGEMENT REQUIREMENTS**

A. Compliance Schedules 25 Pa. Code 92.55 and 40 CFR 122.47(a).

1. The permittee shall achieve compliance with the terms and conditions of this permit within the time frames specified in this permit.
2. The permittee shall submit reports of compliance or noncompliance, or progress reports as applicable, for any interim and final requirements contained in this permit. Such reports shall be submitted no later than 14 days following the applicable schedule date or compliance deadline. 40 CFR 122.47(a)(4)

B. Permit Modification, Termination, or Revocation and Reissuance

1. This permit may be modified, terminated, or revoked and reissued during its term in accordance with Title 25 Pa. Code 92.51(2) and 40 CFR 122.41(f).
2. The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition. 40 CFR 122.41(f)
3. In the absence of DEP action to modify or revoke and reissue this permit, the permittee shall comply with effluent standards or prohibitions established under Section 307(a) of the Clean Water Act for toxic pollutants within the time specified in the regulations that establish those standards or prohibitions. 40 CFR 122.41(a)(1)

C. Duty to Provide Information

1. The permittee shall furnish to DEP, within a reasonable time, any information which DEP may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. 40 CFR 122.41(h)
2. The permittee shall furnish to DEP, upon request, copies of records required to be kept by this permit. 25 Pa. Code 92.51(3)(ii) and 40 CFR 122.41(h)
3. Other Information - Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to DEP, it shall promptly submit the correct and complete facts or information. 40 CFR 122.41(l)(8)

D. Proper Operation and Maintenance

1. The permittee shall employ operator's certified in compliance the Water and Wastewater Systems Operators Certification Act (63 P.S. §§ 1001-1015.1).
2. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance includes, but is not limited to, adequate laboratory controls including appropriate quality assurance procedures. This provision also includes the operation of backup or auxiliary facilities or similar systems that are installed by the permittee, only when necessary to achieve compliance with the terms and conditions of this permit. 40 CFR 122.41(e)

E. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge, sludge use, or disposal in violation of this permit that has a reasonable likelihood of adversely affecting human health or the environment. 40 CFR 122.41(d)

F. Bypassing

1. Bypassing Not Exceeding Permit Limitations - The permittee may allow a bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions in paragraphs two, three, and four of this section. 40 CFR 122.41(m)(2)
2. Other Bypassing - In all other situations, bypassing is prohibited and DEP may take enforcement action against the permittee for bypass unless:
  - a. A bypass is unavoidable to prevent loss of life, personal injury, or "severe property damage." 40 CFR 122.41(m)(4)(i)(A);
  - b. There are no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance. 40 CFR 122.41(m)(4)(i)(B); and
  - c. The permittee submitted the necessary notice required in F.4.a and b below. 40 CFR 122.41(m)(4)(i)(C)
3. DEP may approve an anticipated bypass, after considering its adverse effects, if DEP determines that it will meet the conditions listed in F.2 above. 40 CFR 122.41(m)(4)(i)(C)
4. Notice
  - a. Anticipated Bypass – If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible, at least ten days before the bypass. 40 CFR 122.41(m)(3)(i)
  - b. Unanticipated Bypass
    - (i) The permittee shall submit immediate notice of an unanticipated bypass causing or threatening pollution. The notice shall be in accordance with PART A III.C.3.a.
    - (ii) The permittee shall submit oral notice of any other unanticipated bypass within 24 hours, regardless of whether the bypass may endanger health or the environment or whether the bypass exceeds effluent limitations. The notice shall be in accordance with PART A III.C.3.b.

## II. PENALTIES AND LIABILITY

### A. Violations of Permit Conditions

Any person violating Sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act or any permit condition or limitation implementing such sections in a permit issued under Section 402 of the Act is subject to civil, administrative and/or criminal penalties as set forth in 40 CFR § 122.41(a)(2).

Any person or municipality, who violates any provision of this permit; any rule, regulation or order of DEP; or any condition or limitation of any permit issued pursuant to The Clean Streams Law, is subject to criminal and/or civil penalties as set forth in Sections 602, 603 and 605 of The Clean Streams Law.

### B. Falsifying Information

Any person who does any of the following:

- Falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit, or
- Knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit (including monitoring reports or reports of compliance or noncompliance),

Shall, upon conviction, be punished by a fine and/or imprisonment as set forth in *18 Pa.C.S.A § 4904* and 40 CFR § 122.41(j)(5) and (k)(2).

### C. Liability

Nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance pursuant to Section 309 of the Clean Water Act or Sections 602, 603 or 605 of The Clean Streams Law.

Nothing in this permit shall be construed to preclude the institution of any legal action or to relieve the permittee from any responsibilities, liabilities, or penalties to which the permittee is or may be subject to under the Clean Water Act and The Clean Streams Law.

### D. Need to Halt or Reduce Activity Not a Defense 40 CFR 122.41(c)

It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit. 40 CFR 122.41(c)

## III. OTHER RESPONSIBILITIES

### A. Right of Entry

Pursuant to Sections 5(b) and 305 of Pennsylvania's Clean Streams Law, and Title 25 Pa. Code Chapter 92 and 40 CFR § 122.41(i), the permittee shall allow authorized representatives of DEP and EPA, upon the presentation of credentials and other documents as may be required by law:

1. To enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit; 25 Pa. Code 92.51(3)(i) and 40 CFR 122.41(i)(1)
2. To have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit; 25 Pa. Code 92.51(3)(ii) and 40 CFR 122.41(i)(2)
3. To inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices or operations regulated or required under this permit; and 40 CFR 122.41(i)(3)

4. To sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the Clean Water Act or The Clean Streams Law, any substances or parameters at any location. 40 CFR 122.41(i)(4)

B. Transfer of Permits

1. Transfers by modification. Except as provided in paragraph 2 of this section, a permit may be transferred by the permittee to a new owner or operator only if this permit has been modified or revoked and reissued, or a minor modification made to identify the new permittee and incorporate such other requirements as may be necessary under the Clean Water Act. 40 CFR 122.61(a)
2. Automatic transfers. As an alternative to transfers under paragraph 1 of this section, any NPDES permit may be automatically transferred to a new permittee if:
  - a. The current permittee notifies DEP at least 30 days in advance of the proposed transfer date in paragraph 2.b of this section; 25 Pa. Code 92.71a(1) and 40 CFR 122.61(b)(1)
  - b. The notice includes the appropriate DEP transfer form signed by the existing and new permittees containing a specific date for transfer of permit responsibility, coverage and liability between them; 25 Pa. Code 92.71a(2) and 40 CFR 122.61(b)(2)
  - c. DEP does not notify the existing permittee and the proposed new permittee of its intent to modify or revoke and reissue this permit, the transfer is effective on the date specified in the agreement mentioned in paragraph 2.b of this section; 25 Pa. Code 92.71a(3) and 40 CFR 122.61(b)(3)
  - d. The new permittee is in compliance with existing Department issued permits, regulations, orders, and schedules of compliance, or that any noncompliance with the existing permits has been resolved by an appropriate compliance action or by the terms and conditions of the permit (including compliance schedule set forth in the permit), consistent with § 92.55 (relating to schedules of compliance) and other appropriate Department regulations; 25 Pa. Code 92.71a(4)
3. In the event DEP does not approve transfer of this permit, the new owner or controller must submit a new permit application.

C. Property Rights

The issuance of this permit does not convey any property rights of any sort, or any exclusive privilege. 40 CFR 122.41(g)

D. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit. 40 CFR 122.21(d)

E. Other Laws

The issuance of this permit does not authorize any injury to persons or property or invasion of other private rights, or any infringement of state or local law or regulations.

**PART C**

**I. OTHER REQUIREMENTS**

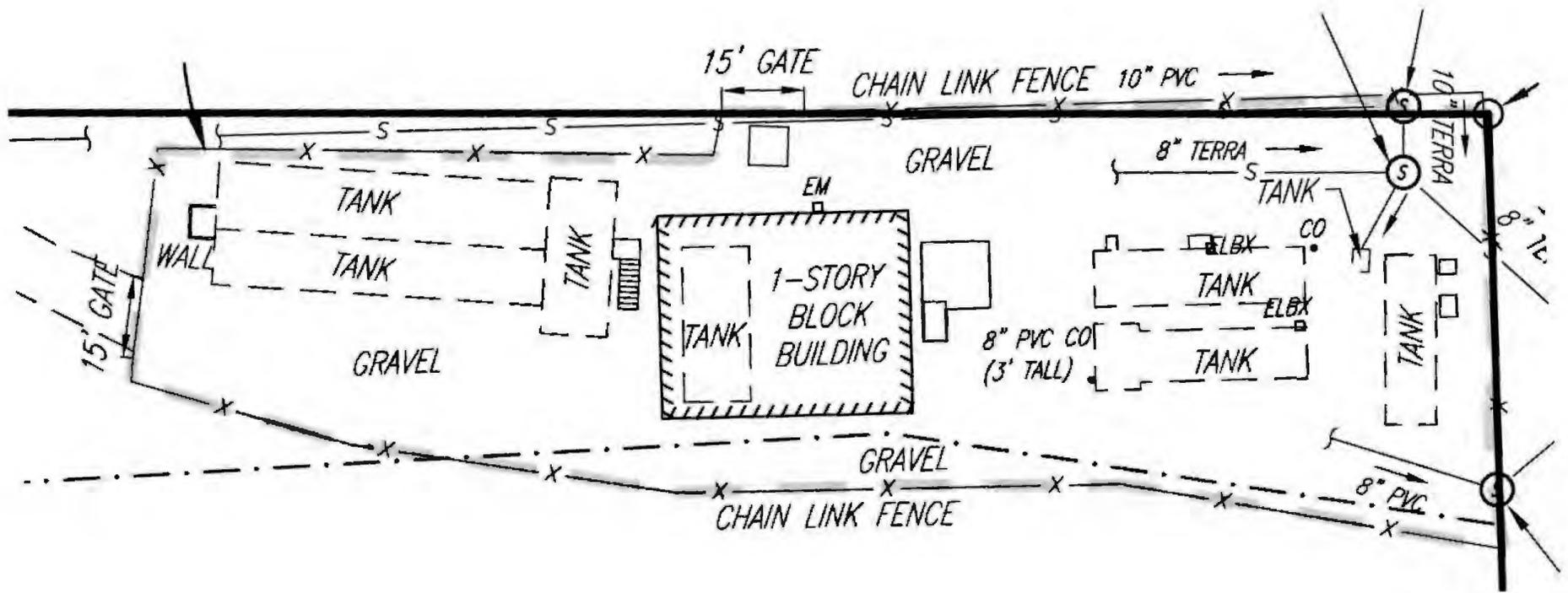
- A. No stormwater from pavements, areaways, roofs, foundation drains or other sources shall be admitted directly to the sanitary sewers associated with the herein approved discharge.
- B. The approval herein given is specifically made contingent upon the permittee acquiring all necessary property rights by easement or otherwise, providing for the satisfactory construction, operation, maintenance and replacement of all sewers or sewerage structures associated with the herein approved discharge in, along, or across private property, with full rights of ingress, egress and regress.
- C. Collected screenings, slurries, sludges, and other solids shall be handled and disposed of in compliance with the Solid Waste Management Act (35 P.S. Sections 6018.101 - 6018.1003), and in a manner equivalent to the requirements indicated in Chapters 271, 273, 275, 283, and 285 (relating to permits and requirements for landfilling, land application, incineration, and storage of sewage sludge), Federal Regulation 40 CFR Parts 501 and 503, The Clean Streams Law, and the Federal Clean Water Act and its amendments.
- D. The permittee shall complete all Supplemental Reporting forms provided by the Department in this permit (or an approved equivalent), and submit the signed, completed forms to the Department on a monthly basis with the DMR, in accordance with PART A III.B of this permit.
- E. This permit authorizes the discharge of treated sewage until such time as facilities for conveyance and treatment at a more suitable location are installed and are capable of receiving and treating the permittee's sewage. Such facilities must be in accordance with the applicable municipal official plan adopted pursuant to Section 5 of the Pennsylvania Sewage Facilities Act, the Act of January 24, 1956, P.L. 1535, as amended. When such municipal sewerage facilities become available, the permittee shall provide for the conveyance of the sewage to these sewerage facilities, abandon the use of the sewage treatment plant thereby terminating the discharge authorized by this permit, and notify the Department accordingly. This permit shall then, upon notice from the Department, terminate and become null and void, and shall be relinquished to the Department.
- F. Influent BOD<sub>5</sub> and TSS samples shall be collected and analyzed. Loading from hauled-in wastes must also be included in plant loading through analyses of the hauled-in wastes reported on DMR Supplement Forms or influent composite sampling. If hauled-in wastes are not included in influent composite analyses, for each day in which hauled-in wastes are received at the facility, indicate the volume and combined loading of septage, sludge, and other wastes received during the day on the DMR Supplemental Form. Loading from the hauled-in waste shall be based on a daily composite of grab samples from the individual truck loads.

**II. SUPPLEMENTAL INFORMATION**

- A. The hydraulic design capacity of 0.10 million gallons per day for the treatment facility is used to prepare the annual Municipal Wasteload Management Report to help determine whether a "hydraulic overload" situation exists, as defined in Title 25 Pa. Code Chapter 94.
- B. The effluent limitations for this outfall were determined using an effluent discharge rate of 0.10 million gallons per day.
- C. The organic design capacity of 200 lbs BOD<sub>5</sub> per day for the treatment facility is used to prepare the annual Municipal Wasteload Management Report to determine whether an "organic overload" condition exists, as defined in 25 Pa. Code Chapter 94.

# **Appendix B**

**WWTP Site Plan**



**APPENDIX C**  
**Tariff Supplement**

AQUA PENNSYLVANIA WASTEWATER, INC.  
(hereinafter referred to as the "Company")

RATES, RULES, AND REGULATIONS

GOVERNING THE COLLECTIONS OF

WASTEWATER

IN PORTIONS OF

ADAMS, BERKS, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD, DELAWARE,  
LACKAWANNA, LUZERNE, MONROE, MONTGOMERY, PIKE, SCHUYLKILL, VENANGO,  
AND WYOMING COUNTIES

IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: mmm dd, 2022

EFFECTIVE: mmm dd, 2022

By:

Marc Lucca, President  
Aqua Pennsylvania, Inc.  
762 Lancaster Avenue  
Bryn Mawr, Pennsylvania 19010

## **NOTICE**

THIS TARIFF ESTABLISHES THE WASTEWATER RATES FOR THE  
CUSTOMERS OF NORTH HEIDELBERG AND JEFFERSON TOWNSHIPS  
SITUATED WITHIN BERKS COUNTY, PENNSYLVANIA.

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff makes changes to reflect the acquisition of the wastewater assets of North Heidelberg Sewer Company, located within North Heidelberg and Jefferson Townships, Berks County, Pennsylvania. Closing on the acquisition took place on mm/dd/2022, with the effective date of ownership occurring at 12:01AM on mm/dd/2022. (See pages 7 and 8.13.1)

This tariff is made pursuant to the Commission's Order adopted and entered mm/dd/2022 at Docket No. I-2018-3001161, which authorizes the issuance of the Certificate of Public Convenience.

TABLE OF CONTENTS

	Page Number	
Rates, Rules, and Regulations	1	Fourteenth Revised Page (C)
List of Changes Made by This Tariff	2	Fourteenth Revised Page (C)
Table of Contents	3	Fourteenth Revised Page (C)
Table of Contents (Cont'd)	4	Original Page
Description of Territory Served	5	Original Page
Description of Territory Served (Cont'd)	6	Third Revised Page
Description of Territory Served (Cont'd)	7	Second Revised (C)

**SCHEDULE OF RATES:**

Rate Zone 1	8.1	Original Page
Rate Zone 2	8.2	Original Page
Rate Zone 3	8.3	First Revised Page
Rate Zone 4	8.4	Original Page
Rate Zone 5	8.5	Original Page
Rate Zone 6	8.6	Original Page
Rate Zone 7 - Limerick Division	8.7	Original Page
Rate Zone 8 - East Bradford Township Division	8.8	Original Page
Rate Zone 9 - Cheltenham Township Division	8.9.1	Original Page
Rate Zone 9 - Cheltenham Township Division (cont'd)	8.9.2	Original Page
Rate Zone 10 - East Norriton Township Division	8.10	Original Page
Rate Zone 11 - New Garden Township Division	8.11	Original Page
Rate Zone 12 - Lower Makefield Township Division	8.12.1	Original Page
Rate Zone 12 - Lower Makefield Township Division (cont'd)	8.12.2	Original Page
Rate Zone 12 - Lower Makefield Township Division (cont'd)	8.12.3	Original Page
Rate Zone 13 - North Heidelberg Sewer Division	8.13.1	Original Page (C)
Distribution System Improvement Charge (DSIC)	9	Eighth Revised Page
DSIC (Cont'd)	10	Original Page
DSIC (Cont'd)	11	Original Page
DSIC (Cont'd)	12	Original Page
State Tax Adjustment Surcharge (STAS)	13	Original Page
Page Held For Future Use	14	Original Page
Page Held For Future Use	15	Original Page

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DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 12 Lower Makefield Township Division	Lower Makefield	Bucks
<b>(C)</b> RATE ZONE 13 North Heidelberg Sewer Division	Jefferson	Berks
North Heidelberg Sewer Division	North Heidelberg	Berks

SCHEDULE OF RATES

RATE ZONE 13 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 13 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 13	
Flat Rate Basis (per EDU)	\$	78.00
Metered Rate Basis (per EDU)		
Residential	\$	28.00
Commercial	\$	54.00

MONTHLY CONSUMPTION CHARGE

Consumption Charge			
Residential			
First 1,000 gallons per month included in Customer Charge			
Next 5,000 gallons per month	\$	13.06	per 1,000 gallons
Over 6,000 gallons per month	\$	7.92	per 1,000 gallons
Commercial	\$	7.92	per 1,000 gallons

**APPENDIX D**  
**Statement in Support of**  
**Aqua Pennsylvania Wastewater, Inc.**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
Steven K. Haas, Presiding**

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<b>Pennsylvania Public Utility Commission</b>	<b>:</b>	<b>Docket No. M-2018-2645983</b>
	<b>:</b>	
<b>v.</b>	<b>:</b>	
	<b>:</b>	
<b>North Heidelberg Sewer Company</b>	<b>:</b>	
	<b>:</b>	
<b>Section 529 Investigation –</b>	<b>:</b>	<b>Docket No. I-2018-3001161</b>
<b>North Heidelberg Sewer Company</b>	<b>:</b>	

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**STATEMENT OF AQUA PENNSYLVANIA WASTEWATER, INC. IN SUPPORT OF  
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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AND NOW, comes Aqua Pennsylvania Wastewater, Inc. (“Aqua” or the “Company”), by its attorneys, and submits the following statement in support of the Joint Petition for Approval of Settlement (“Joint Petition”) of the above matters, including the Section 529 Investigation of North Heidelberg Sewer Company (“NHSC”), by Aqua, NHSC, the Office of Consumer Advocate (“OCA”), the Bureau of Investigation and Enforcement (“I&E”) and Metropolitan Edison Company (“Met-Ed”) (sometimes referred to hereinafter as “Joint Petitioners”).

**I. Background**

These proceedings concern the Public Utility Commission’s (“Commission”) Section 529 Investigation of NHSC and related Order directing Aqua to serve as receiver.

The Section 529 Investigation stems, in part, from NHSC’s failure to pay an arrearage for electric service provided by Met Ed dating back to 2012 / 2013.

The Commission instituted the Section 529 Investigation by Order entered February 9, 2018, at M-2018-2645983 (“Order entered February 9”), and, in that same Order, appointed Aqua as Receiver for NHSC.

NHSC provides wastewater service to approximately 273 residential customers and one commercial customer in portions of North Heidelberg Township and Jefferson Township in Berks County. With fewer than 1,200 customers, NHSC is a “small sewer utility” as defined in Section 529(m) of the Public Utility Code (“Code”).

Following significant discussion and negotiation, the Joint Petitioners are presenting a comprehensive plan whereby Aqua will acquire the wastewater system assets of NHSC. The Joint Petition also resolves an I&E Complaint against NHSC at C-2016-2547755.

Issues related to the Commission’s Investigation of NHSC have been pending for 10 years and Aqua submits that the resolution of these proceedings as proposed in the Joint Petition will finally resolve these extended proceedings, in their entirety, while advancing and furthering the public interest.

## **II. The Joint Petition Is Consistent with the Requirements of the Public Utility Code and in the Public Interest**

### **Statutory and Policy Considerations**

Section 529 of the Code gives the Commission the power to order the acquisition of a small sewer utility by a large capable public utility. The Commission has used its Section 529 authority “with great success to ensure that customers of troubled water and sewer utilities throughout the Commonwealth receive safe and reliable service.”<sup>1</sup>

The Commission initiated the Section 529 Investigation and appointed Aqua as Receiver

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<sup>1</sup> *Emergency Order of Peoples Natural Gas Company LLC to Immediately Assume control of the Operations of Mountain Energy, LTD*, Docket No. M-2014-2453735, Order entered February 15, 2015, Joint Statement of Chairman Robert F. Powelson and Commission Pamela A. Witmer.

for NHSC to “protect the health, safety and welfare of the customers of the North Heidelberg Sewer Company.”<sup>2</sup> The Commission, in its Order entered February 9, stated:<sup>3</sup>

The circumstances surrounding NHSC are not only troubling, but also represent a clear threat to public health and safety. ... Commission action under 66 Pa. C.S. § 529 is not only mandated as a matter of law, but also serves as a practical solution to the public health emergency created by NHSC.

... [I]t does not appear that NHSC *cannot* pay for its electric service due to rates that are inadequate or unjust as to NHSC. Rather, the facts show that NHSC simply *refuses* to pay for that service ...

... The records of the Department Environmental Protection, of which we take official notice, appear to show that NHSC committed multiple violations of Pennsylvania environmental law over many years.

In addition to its failure to pay for electric service, there are a number of other issues that call into question NHSC’s ability to operate its wastewater system, including: (1) the failure to pay its Commission assessments; (2) the failure to file its Annual Reports; (3) whether its arrangements with affiliated entities have been approved under the Public Utility Code; (4) the validity of contracts and arrangements between or among NHSC and its affiliates; (5) whether the exchange of services, property, money, or securities between or among NHSC and its affiliates constitutes criminal conduct under Chapters 19, 21, or 33 of the Public Utility Code; and (6) whether testimony offered at hearings in this matter, particularly at the April 3, 2017 hearing, constitutes one or more criminal violations of Chapter 33 of the Public Utility Code or Chapter 49 of the Pennsylvania Crimes Code.

... By appointing a receiver and initiating a Section 529 proceeding under the terms provided here, we will have the opportunity to examine whether NHSC has the ability to furnish and maintain adequate, efficient, safe, and reasonable service.

The Commission appointed Aqua as Receiver pursuant to Section 529(g), “because of [Aqua’s] expertise and experience in operating wastewater utilities subject to regulation under the Public Utility Code, and because its familiarity and understanding of the circumstances will work to ensure safe, adequate, and reasonably continuous service to the public.”<sup>4</sup> Aqua, moreover, is a

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<sup>2</sup> Order entered February 9 at 16.

<sup>3</sup> Order entered February 9 at 12-16.

<sup>4</sup> Order entered February 9 at 15-16.

“capable public utility” as defined in Section 529(m) of the Code.

The benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.<sup>5</sup> The Joint Petition proposes a comprehensive resolution of all issues. Where the active parties in a proceeding have reached a settlement, the principal issue for Commission consideration is whether the agreement reached is in the public interest.<sup>6</sup>

It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.<sup>7</sup> Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve administrative hearing resources. Such savings directly benefit the individual parties to a proceeding, the Commission and utility ratepayers, who otherwise may have to bear the financial burden such litigation necessarily entails.<sup>8</sup> The avoidance of unnecessary litigation expense is in the public interest.

The Joint Petition proposes a final resolution of a Commission Section 529 Investigation in a manner acceptable to Aqua, as the acquiring capable public utility, NHSC, the troubled small wastewater utility, I&E, OCA and Met-Ed.

The Joint Petition, if approved, would ensure that customers of NHSC will receive safe and reliable wastewater service through transfer of the wastewater system to a capable public utility with a plan for improving the system over the next ten years.

Aqua submits that the Joint Petition and the proposed settlement terms will further the

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<sup>5</sup> *Pa. P.U.C. v. C S Water & Sewer Assocs.*, 74 PA PUC 767 (1991); *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996).

<sup>6</sup> *C S Water & Sewer Assocs.*, *supra*; see also *Pa. P.U.C. v. Phila. Elec. Co.*, 60 PA PUC 1 (1985).

<sup>7</sup> 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

<sup>8</sup> *Pa. P.U.C. v. The Newtown Artesian Water Co.*, Docket No. R-2011-2230259 (Recommended Decision of Administrative Law Judge Elizabeth H. Barnes dated September 20, 2011), slip op. at 9.

public interest and that the Joint Petition and settlement terms, thus, should be approved.

### **Settlement Terms and Conditions**

#### **The Transaction – Purchase Price**

Aqua will acquire the NHSC assets for \$121,771.56 pursuant to the Asset Purchase Agreement attached to the Joint Petition. The purchase price is sufficient to retire outstanding liens that encumber the NHSC system assets. At closing, for example, Met-Ed will be paid \$100,507.57 in satisfaction of the outstanding arrearage of \$201,015.14 for past electric service provided to NHSC by Met-Ed. Other creditors also will be paid in similar fashion as presented in Section 17 of the APA. NHSC agrees that the satisfaction and release of outstanding liens is good and valuable consideration for the system assets. Aqua submits that the purchase price is reasonable as it addresses the competing interests of Aqua, as the acquiring utility, NHSC, as the acquired utility and Met-Ed as creditor. Section 529(e) provides that an agreed upon purchase price is subject to a Commission determination that the price is reasonable and Aqua asks that the Commission approve the purchase price as reasonable and, to the extent necessary, approve, as reasonable, the APA in its entirety.

#### **Plan for Improvements**

A Plan for Improvements, as required by Section 529(j), is attached as Appendix B to the Joint Petition. The Plan was prepared by GHD working closely with Aqua personnel and based on site visits to the NHSC wastewater treatment plant by GHD personnel. It projects necessary system capital projects totaling \$2,930,000 over the next ten years with the objective of an extended (30+ years) useful life. The Plan has been distributed to DEP for comment, as required by Section 529(j), and has also been submitted to North Heidelberg and Jefferson Townships. The Plan has also been circulated to I&E and OCA for comment. Section 529(j) provides that a Plan

for Improvements shall be submitted to the Commission for approval and Aqua asks that the Commission approve the Plan and allow the reasonably and prudently incurred costs of each improvement to be recoverable in rates as contemplated by Section 529(j).

**Rates**

Aqua will implement NHSC’s existing rates for NHSC customers post-closing. All other rules, regulations, fees, and charges of Aqua’s tariff shall apply to NHSC customers after closing. Aqua will apply its distribution system improvement charge to the NHSC system after the first base rate case that includes the NHSC system. A proposed tariff supplement is included as Appendix C to the Joint Petition. Section 529(f) of the Code provides that the Commission may, in its discretion, allow the acquiring utility to charge and collect rates from the customers of the acquired utility pursuant to a separate tariff. While not a separate tariff, Aqua asks that the Commission approve the proposed supplement and proposed rates for former NHSC customers, effective as of the date of closing, consistent with Section 529(f).

**Aqua’s First Base Rate Case Including NHSC**

Joint Petitioners agree that, at the time of closing until Aqua’s first base rate case that includes the NHSC system, Aqua will be permitted to continue to utilize deferred accounting for any capital investments or operating expenses not funded by the revenues being collected under NHSC tariffed rates and present those amounts for recovery in Aqua’s first base rate case that includes NHSC. I&E and OCA retain the ability to challenge the reasonableness and prudence of amounts claimed for recovery.

Joint Petitioners also agree that they will not contest that NHSC is a small, non-viable system as defined in 66 Pa. C.S. § 1327(a) and 52 Pa. Code § 69.711 but may rebut or challenge acquisition incentives claimed by Aqua and that they will not contest an Aqua proposal to allocate

a portion of the NHSC revenue requirement to Aqua's combined water and wastewater customer base as in the public interest but may contest the amount of Aqua's proposed allocation and whether that amount is in the public interest.

The foregoing rate provisions reflect a negotiated resolution of competing interests and are significant, from Aqua's perspective, as they recognize Aqua's ability to present rate proposals going forward. The provisions also retain for I&E and OCA the ability to challenge Aqua's proposals. Aqua accepts this term in settlement of the proceeding.

#### **Termination of Other Proceeding**

Joint Petitioners agree that, in resolution of the I&E Complaint at Docket No C-2016-2547755, Aqua will pay the outstanding \$200 civil penalty owed by NHSC for its failure to pay its Commission assessment for 2015-2016. Joint Petitioners acknowledge that Aqua's payment of the civil penalty is part of the settlement package and that Aqua's payment shall not be interpreted as a civil penalty against Aqua for any actions taken during Aqua's receivership duties for NHSC. Aqua accepts this term as a reasonable resolution of this six-year-old Complaint.

#### **Limitations of Enforcement**

Section 529(k) and Section 529(l) provide for limitations of liability and limitations on enforcement actions for the benefit of Aqua as the acquiring utility. The Joint Petition and Joint Petitioners acknowledge the existence of these limitation provisions and Joint Petitioners agree that they will not seek a civil penalty of Aqua after closing for actions taken by NHSC prior to closing. Aqua submits that it is appropriate for the Commission to acknowledge these statutory provisions in its Order approving the Joint Petition.

### **III. Termination of Receivership**

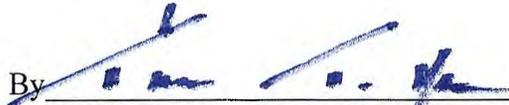
The Joint Petition also asks that the Commission terminate Aqua's status as Receiver for NHSC effective the date and time of Closing. As NHSC will cease providing service effective the date and time of Closing, it is appropriate that the Commission formally terminate the Receivership.

### **IV. CONCLUSION**

The Joint Petition resolves a Commission Section 529 Investigation in a manner acceptable to Aqua, the acquiring company, NHSC, the acquired company, I&E, OCA and Met-Ed. By doing so, the Joint Petition and proposed terms of settlement further the public interest. The Joint Petition should be approved without modification.

WHEREFORE Aqua Pennsylvania Wastewater, Inc. requests that Administrative Law Judge Haas recommend approval of, and that the Pennsylvania Public Utility Commission approve, the Joint Petition for Approval of Settlement.

Respectfully submitted,

By 

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**APPENDIX E**  
**Statement in Support of**  
**North Heidelberg Sewer Company**

**Before The  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	<b>:</b>	<b>Docket No. M-2018-2645983</b>
	<b>:</b>	
<b>v.</b>	<b>:</b>	
	<b>:</b>	
<b>North Heidelberg Sewer Company</b>	<b>:</b>	
	<b>:</b>	
<b>Section 529 Investigation –</b>	<b>:</b>	<b>Docket No. I-2018-3001161</b>
<b>North Heidelberg Sewer Company</b>	<b>:</b>	

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**NORTH HEIDELBERG SEWER COMPANY’S STATEMENT IN SUPPORT OF  
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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North Heidelberg Sewer Company (“NHSC”), through its undersigned attorney, submits the following statement in support of the Joint Petition for Approval of Settlement (“Joint Petition”) presented in the above captioned matter by Aqua Pennsylvania Wastewater, Inc. (“Aqua”), North Heidelberg Sewer Company (“NHSC”), the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”), the Office of Consumer Advocate (“OCA”) and Metropolitan Edison Company (“Met-Ed”), parties to the above captioned proceedings (hereinafter collectively referred to as "Joint Petitioners")

**I. Introduction**

These proceedings concern the Commission’s Section 529 Investigation of NHSC and related Order directing Aqua to serve as receiver. A detailed background of the proceeding is presented in the Background section of the Joint Petition.

## **II. The settlement proposed in the Joint Petition is consistent with the Public Interest.**

The Commission's regulations encourage parties involved in contested proceedings to enter into settlement agreements. 52 Pa. Code § 5.231(a). Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. Application of Pennsylvania-American Water Company, Docket No. A-2021-3024681 (Recommended Decision entered February 28, 2022). When reviewing settlement petitions, the presiding officer will review the settlement to determine if it is in the public interest. 52 Pa. Code § 5.232(b); Id., (*citing*, Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs., 74 Pa. PUC 767 (1991)).

The Joint Petition proposes a comprehensive resolution of all issues in this matter, as well as the underlying payment dispute between Met-Ed and NHSC that led, in part, to the Commission's Section 529 investigation. In doing so, the Joint Petition will reduce the amount of time, money, and effort that all involved parties will be required to expend to bring this matter to resolution and lessen the potential financial burden on current customers of all involved utilities.

With the death of CEO Joseph M. Aichholz, Jr. in 2019, NHSC lost most of its institutional knowledge and business capability, severely jeopardizing NHSC's ability to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future. Notwithstanding the extremely limited involvement his son, Joseph M. Aichholz, III, Mr. Aichholz's children, his presumptive heirs, have no interest in operating the system. As such, NHSC is no longer in the best position to provide the services required by its customers.

The settlement proposed in the Joint Petition will allow NHSC's customers to continue to receive adequate, efficient, safe, and reasonable service from Aqua. Since March 5, 2018, Aqua

has demonstrated through its receivership that it is financially, managerially, and technically capable of operating the wastewater system in compliance with all applicable statutory and regulatory standards. Because the Joint Petition resolves all issues in this matter and ensures continuing service to NHSC's customers, the Joint Petition and proposed settlement is, therefore, clearly in the public interest.

### **III. Conclusion**

WHEREFORE, North Heidelberg Sewer Company respectfully requests that the Commission accept the foregoing in support of the Joint Petition and approve the petition in its entirety.

Respectfully submitted,



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*Attorney for NHSC*

**APPENDIX F**  
**Statement in Support of the**  
**Bureau of Investigation and Enforcement**



NHSC, the NHSC customers, Aqua, Aqua customers, OCA, I&E, and Met-Ed (hereinafter collectively referred to as the “Parties” or “Joint Petitioners”).

## **I. BACKGROUND**

1. I&E adopts the background as set forth in the Joint Petition for Approval of Settlement, paragraphs 1-23.

2. The Parties engaged in both formal and informal discovery throughout the entire negotiation process without objection.

3. Aqua, as Receiver, has filed Quarterly Status Reports with the Commission.

4. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple telephonic settlement discussions with the Company and the other Parties to the proceeding. Following extensive settlement negotiations and recognizing that a settlement is the result of compromises made by all Parties, the Parties in this proceeding reached a full and complete Settlement of all issues.

## **II. TERMS AND CONDITIONS OF SETTLEMENT**

5. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E’s participation in and its analysis of the final settlement terms and conditions, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Steven K. Haas (the “ALJ”) and the Commission approve the Settlement in its entirety.

6. “The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”<sup>2</sup> The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”<sup>3</sup>

7. I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission’s adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that the Settlement be recommended by ALJ Haas; and approved by the Commission, without modification.

8. Based on its review of the Settlement I&E notes the following regarding the terms contained therein:

**A. Resolution of the Aqua Receivership and Purchased of NHSC (Joint Petition ¶¶ 24(a)(i)-(vi)).**

In the Settlement, Aqua has agreed to purchase the NHSC system for \$121,771.56. As noted in the settlement, this amount is sufficient to satisfy the amounts owed by NHSC to secured creditors.

I&E agrees that it is necessary for Aqua to continue in its role as the operator of this system to insure the continuity of service to the NHSC customers. Because Aqua has

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<sup>2</sup> *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

<sup>3</sup> *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

been appointed the receiver as Aqua is the closest wastewater utility that could reasonably operate the system, and because NHSC has been unable to provide safe and reliable service without the appointment of a receiver, it makes sense for Aqua to purchase the system. Furthermore, I&E believe the purchase price is not unreasonable. I&E supports this settled upon term as a full and fair compromise that addresses the concerns raised by the Commission related to NHSC's service, namely the non-payment of the Met-Ed bill for electricity; provides regulatory certainty; and provides a resolution of any potential service issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

**B. Plan for Improvements (Joint Petition ¶¶ 24(b)(i)-(iv)).**

In the Settlement, Aqua has provided a Plan for Improvements of the NHSC system. Safety remains a paramount concern in the utility business. It is important that upgrades and repairs are made to this system to ensure the customers of NHSC are receiving service that meets all necessary safety standards. I&E supports this term because it allows Aqua to make the needed upgrades and improvements to this system. This ensures ratepayers receive safe and reliable service from a financially and technically fit, capable utility provider.

**C. Rates (Joint Petition ¶¶ 24(c)(i)-(d)(iv)).**

Initially, Aqua will file a pro-forma tariff supplement that includes NHSC existing rates that will be charged to the NHSC customers. Further, per the settlement, while from the time of closing until Aqua's first base rate case including NHSC assets, Aqua will be allowed to continue to utilize deferred accounting for capital investments not funded by

the operating revenues collected from NHSC rates, nothing contained in the settlement prevents the parties in that rate case from challenging the reasonableness or prudence of the amounts claimed for recovery.

First and foremost, these provisions make clear that for the time being, NHSC rates will not increase. Therefore, until at least the time that new rates are approved by the Commission as a result of a base rate case, NHSC customers will continue paying those rates to which they are accustomed. Further, these provisions allow for Aqua to continue to make capital investments in the system to continue the provision of safe and reliable service. However, it is also ensured that other parties to the next base rate case including NHSC assets have the ability to challenge these expenditures to the extent that they believe they were not reasonably or prudently incurred. This affords protection to the customers from paying for expenses that were not reasonable or prudent.

**D. Termination of Other Proceedings (Joint Petition ¶ 24(e)(i)).**

At Docket No. C-2016-2547755, I&E had filed a formal complaint as a result of NHSC's failure to pay its Commission assessment for the fiscal year 2015-2016. In that Complaint, I&E also sought a civil penalty in the amount of \$200. In order to close out that Complaint, the Joint Petitioners have agreed that Aqua will pay the civil penalty, however, this will not be interpreted as a civil penalty against Aqua for any actions taken during its receivership.

This provision helps to clear up the issues of non-payment that resulted under NHSC's operation of this system. As, to the best of I&E's knowledge, all Commission

assessments have been paid, this final step will allow for the closure of I&E's complaint. Therefore, I&E supports this term as being in the public interest.

### **III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST**

9. I&E represents that all issues raised in this proceeding have been satisfactorily resolved through informal discovery and lengthy negotiations among the Parties and are incorporated in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Parties have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers this Section 529 investigation complete.

10. I&E further submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the

disposition of issues and final resolution of this case which all the Parties agree benefits their discrete interests and is in the public interest.

11. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Party.

12. This Settlement is being presented only in the context of this Section 529 investigation to resolve the issues in a manner that is fair and reasonable. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the Settlement. Furthermore, the Settlement reflects compromises on all sides, and is presented without prejudice to the positions that any of the parties may advance in future proceedings on the merits of the issues.

13. If ALJ Haas recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by ALJ Haas in his Recommended Decision. Further, I&E does not waive the right to file Replies in the event any party files Exceptions.

**WHEREFORE**, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of this Section 529

Investigation as being in the public interest and respectfully requests that Administrative Law Judge Steven K. Haas recommends, and the Commission approves, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,



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Carrie B. Wright  
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Pennsylvania Public Utility Commission  
400 North Street  
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Dated: May 13, 2022

**APPENDIX G**  
**Statement in Support of the**  
**Office of Consumer Advocate**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No. M-2018-2645983
	:	
v.	:	
	:	
North Heidelberg Sewer Company	:	
	:	
Section 529 Investigation –	:	Docket No. I-2018-3001161
North Heidelberg Sewer Company	:	

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**OFFICE OF CONSUMER ADVOCATE  
STATEMENT IN SUPPORT  
OF JOINT PETITION FOR SETTLEMENT**

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The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement (Settlement) respectfully requests that the terms and conditions of the Settlement be approved by the Pennsylvania Public Utility Commission (PUC or Commission). This request is based upon the OCA’s conclusion that the proposed Settlement is in the interest of the customers of North Heidelberg Sewer Company (NHSC) and in the interests of the public as a whole.

**Background**<sup>1</sup>

NHSC provides wastewater service to approximately 273 residential customers and one commercial customer in portions of North Heidelberg and Jefferson Townships in Berks County, Pennsylvania. In NHSC’s 2013 rate case, the Commission Order addressed an issue related to an arrearage NHSC had for electric service provided by Metropolitan Edison Co. (Met-Ed). On July

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<sup>1</sup> A full recitation of the history of the proceeding is provided in the Settlement. Settlement ¶¶ 1-23.

16, 2013, the Commission, at Docket No. R-2012-2330877, entered an Order that expressly provided NHSC with additional revenue to pay its ongoing electric costs and its Met-Ed arrearage. The Order authorized NHSC to increase its annual operating revenue by \$75,000 over a four-year period from July 17, 2013, to July 17, 2017. The Order was designed to provide sufficient revenues to pay the \$60,000 arrearage.

On March 21, 2017, the Bureau of Investigation and Enforcement (I&E) filed a Petition, at Docket No. P-2017-2594688, for Issuance of an *Ex Parte* Emergency Order against Met-Ed and NHSC (Petition). The Petition averred that Met-Ed had initiated termination procedures against NHSC due to NHSC's non-payment of a \$157,000 arrearage. In its Petition I&E requested that the Commission enjoin Met-Ed from terminating electric service and direct NHSC to cease withholding payments to Met-Ed. I&E also asked the Commission to require NHSC to notify its customers that they will continue to receive wastewater service.

Chairman Brown Dutrieuille issued an *Ex Parte* Emergency Order on March 22, 2017, granting I&E's Petition as modified. The Order temporarily preserved the status quo and NHSC customers continued to receive uninterrupted wastewater service. The Order also directed the Office of Administration Law Judge to schedule a hearing, which was held on April 3, 2017.

By Order entered May 4, 2017, the Commission adopted a Recommended Decision, as modified, and directed NHSC to pay an initial lump-sum to Met-Ed within 60 days and make monthly payments over a two-year period to avoid termination of its electric service. NHSC appealed the Commission's Order to Commonwealth Court, seeking a stay of the Order and a remand to the Commission for further hearings. At the Commission's request, the Court, thereafter, relinquished jurisdiction and remanded the matter for further proceedings.

A Recommended Decision in the remand proceeding was issued on September 1, 2017, which concluded, *inter alia*:

- that NHSC failed to meet the terms of the July 16, 2013, Order in NHSC’s 2013 base rate; and
- that Met-Ed had a legal right to terminate electric service to NHSC due to non-payment.

The Recommended Decision required payment of an initial lump-sum to Met-Ed within 60 days and monthly payments over a two-year period in order for NHSC to avoid termination of its electric service. The Recommended Decision also recommended that the Commission initiate a Section 529 proceeding if NHSC failed to comply with the payment plan. The Commission, by Order entered October 5, 2017 (October 2017 Order), adopted the Recommended Decision without modification.

NHSC failed to comply with the October 2017 Order, and the Commission, on February 9, 2018, entered an Order at Docket No. M-2018-2645983, (Receivership Order) initiating a Section 529 proceeding. The Receivership Order also appointed Aqua as Receiver for NHSC, pursuant to 66 Pa. C.S. § 529 (g), beginning March 5, 2018, and continuing during the pendency of the Section 529 proceeding to “protect the interests of the customers” of NHSC. The duties and responsibilities of Aqua as Receiver were set forth Appendix A to the Receivership Order.

A Section 529 Investigation was initiated at Docket No. I-2018-3001161 and Administrative Law Judge (ALJ) Steven K. Haas was assigned to preside over the Investigation. An Initial Prehearing Conference in the Section 529 Investigation was held on July 27, 2018, and a litigation schedule was established. Thereafter, the litigation schedule was suspended by Order Granting Motion to Delay Procedural Schedule, issued February 1, 2019, following the death of

Joseph M. Aichholz, Jr., the owner and Chief Executive Officer of NHSC. On January 30, 2020, counsel for NHSC filed a Status Report indicating that the matter should proceed.

By Order entered October 7, 2021 (October 2021 Order), the Commission granted, as modified, a Petition of Aqua to Affirm and Clarify its receivership status, filed by Aqua following extensive storm damage to the NHSC system and facilities. The Commission, in its October 2021 Order, also:

- Directed the Office of Administrative Law Judge to move forward with the Section 529 Investigation and issue a Recommended Decision no later than June 30, 2022;
- Directed Aqua to continue to act as Receiver for NHSC during the pendency of the Section 529 Investigation;
- Amended the duties and responsibilities of Aqua as Receiver; and
- Established deferred accounting treatment for reasonable costs incurred by Aqua, as Receiver to restore safe, adequate, and reasonably continuous service to NHSC's customers with the opportunity to present those costs for recovery as part of a subsequent base rate proceeding, if not recoverable from NHSC.

A further Prehearing Conference was held on December 8, 2021. A new litigation schedule was set with a Recommended Decision to be issued no later than June 30, 2022. The parties held a number of discussions which resulted in the proposed Settlement.

### **Terms of Settlement**

Purchase Price: The Settlement provides for an agreed-upon purchase price of \$121,772 for the NHSC system. Settlement ¶ 24(1)(a)(i). The determination of this amount is based on amounts that satisfy the payment of compromised amounts with the secured creditors. *See* Settlement, Appendix A (detailed breakdown of the secured creditor claims and agreed upon settlement amounts). The purchase amount will be used to clear title for the assets. Settlement ¶ 24(1)(a)(ii). As discussed above, Met-Ed is one of the secured creditors. Met-Ed and Aqua agree that Met-Ed will write off half of the outstanding amount of NHSC's electric bill and Aqua will

pay the remaining half of the outstanding amount of NHSC's electric bill. Settlement ¶ 24(1)(a)(ii). The amount payable to Met-Ed is part of the total purchase price of \$121,772. *Id.* The resolution of NHSC's outstanding electric bill addresses one of the issues that was raised initially in NHSC's 2013 rate case and in subsequent litigation that, in part, led to the Section 529 proceeding. It is in the public interest to resolve's NHSC's outstanding electric bill, and to address its other secured creditors. The proposed purchase price is a reasonable resolution of the secured creditor claims and is reasonable for the customers of NHSC. The resolution of the purchase price of the NHSC assets avoids the delay and cost of further litigation.

Rates:

Usage Rates: Under the proposed Settlement, NHSC customers will continue to pay the existing rates after acquisition. Settlement ¶ 24(c). For an unmetered residential customer, that rate is \$78 per Equivalent Dwelling Unit (EDU) per month while a metered customer using 3,000 gallons of water per month will continue to pay approximately \$54.12<sup>2</sup> per month. *See* Settlement, Appendix C. Thus, customers will experience no rate increase, despite the change in ownership to a capable utility that is financially, managerially, and technically capable of acquiring and operating the system.

Distribution System Improvement Charge (DSIC): NHSC customers will not be charged a DSIC until after the first base rate case that includes the NHSC system. Settlement ¶ 24(c)(ii). This provision is reasonable and consistent with Section 529 and the Orders concerning DSIC implementation.

Plan for Improvements: The Settlement requests that the PUC approve Aqua's Plan for Improvements. Settlement ¶ 24(b), Appendix B; 66 Pa. C.S. § 529(j). The Plan provides a

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<sup>2</sup> Customer charge of \$28 + usage charge of \$26.12(2,000 gallons x \$13.06/1,000).

discussion of the necessary improvements to the NHSC treatment plant and collection system from 2022-2031. Settlement, Appendix B, Table 6. The reasonably and prudently incurred costs of each improvement in the Plan will be recoverable in rates after that improvement becomes used and useful in the public service. Settlement ¶ 24(b)(iv). Additional improvements not reflected in the Plan may be necessary and will be treated under traditional ratemaking principles. Settlement ¶ 24(b)(iii). These provisions preserve the normal timing of recovery of capital and the review of capital improvements and are reasonable and appropriate.

Accounting Issues: In the Receivership Order appointing Aqua as receiver, the Commission granted permission for Aqua to use deferred accounting treatment for capital improvements and operations and maintenance expenses associated with the provision of service as the Receiver. Receivership Order, Appendix A. Subsequently, in its October 2021 Order, the Commission granted Aqua's request that be permitted to establish deferred accounting treatment for reasonable costs incurred by Aqua, as Receiver to restore safe, adequate, and reasonably continuous service to NHSC's customers with the opportunity to present those costs for recovery as part of a subsequent base rate proceeding, if not recoverable from NHSC. Settlement ¶ 22. In addition, from the time of closing until Aqua's first base rate case that includes the NHSC system, the Settlement provides that Aqua will be permitted to continue to utilize deferred accounting for any capital investments or operating expenses not funded by the revenues being collected under NHSC tariffed rates and present those amounts for recovery in Aqua's first base rate case that includes NHSC. Settlement ¶ 24(d)(i).

These provisions do not preclude OCA from reviewing the deferred costs, or from challenging the reasonableness and prudence of amounts claimed for recovery, and the types and timing of costs claimed for recovery. Settlement ¶ 24(d)(ii). In the circumstances of this

proceeding, with the long receivership, extreme damage to the treatment plant due to a hurricane, and the time until the next Aqua base rate case, it is not unreasonable to permit the deferrals described above. Importantly, the parties retain the opportunity to review the claims in the first base rate case that includes NHSC.

The Settlement also provides that Joint Petitioners will not contest that NHSC is a small, non-viable system as defined in 66 Pa. C.S. § 1327(a) and 52 Pa. Code § 69.711 but may rebut or challenge acquisition incentives claimed by Aqua. Settlement ¶ 24(d)(iii). This provision is reasonable because it preserves the parties' opportunity to challenge any acquisition incentives that Aqua may claim in the first base rate case that includes NHSC.

The Settlement also provides that Joint Petitioners will not contest an Aqua proposal to allocate a portion of the NHSC revenue requirement to its combined water and wastewater customer base as in the public interest (*see* 66 Pa. C.S. § 1311(c)) but may contest the amount of Aqua's proposed allocation and whether that amount is in the public interest. Settlement ¶ 24(d)(iv). This provision is reasonable because it preserves the parties' opportunity to challenge the amount of a proposed shift of revenue requirement from wastewater to water in future base rate cases that include NHSC.

### **Summary**

The Settlement is in the public interest and is in accordance with Section 529 of the Public Utility Code, 66 Pa. C.S. § 529. The OCA submits that the Settlement is the result of extensive negotiations of parties with different interests to achieve a desired result to benefit North Heidelberg customers, while resolving the long-standing electric bill arrearage owed to Met-Ed. In addition, the transfer of ownership to Aqua will be an improvement to wastewater service.

Approval of this Settlement serves the public interest by avoiding the delay, uncertainties and cost of further litigation.

For all of the foregoing reasons, the OCA submits that the terms and conditions of the Settlement are in the public interest and should be approved by the Commission.

Respectfully Submitted,

*Christine Maloni Hoover*

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May 12, 2022  
328339

**APPENDIX H**  
**Statement in Support of**  
**Metropolitan Edison Company**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	<b>:</b>	<b>Docket No. M-2018-2645983</b>
	<b>:</b>	
<b>v.</b>	<b>:</b>	
	<b>:</b>	
<b>North Heidelberg Sewer Company</b>	<b>:</b>	
	<b>:</b>	
<b>Section 529 Investigation –</b>	<b>:</b>	<b>Docket No. I-2018-3001161</b>
<b>North Heidelberg Sewer Company</b>	<b>:</b>	

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**STATEMENT OF METROPOLITAN EDISON COMPANY  
IN SUPPORT OF  
THE JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**I. INTRODUCTION**

The Joint Petition for Approval of Settlement (“Joint Petition”) filed in the above-captioned matter before the Pennsylvania Public Utility Commission (“Commission”) and which is the subject of this Statement in Support is made and entered into by and between Aqua Pennsylvania Wastewater, Inc. (“Aqua”), North Heidelberg Sewer Company (“NHSC”), the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”), the Office of Consumer Advocate (“OCA”) and Metropolitan Edison Company (“Met-Ed”), parties to the above-captioned proceedings (hereinafter, collectively referred to as the “Joint Petitioners”) for the purpose of settling all issues in this matter. The Joint Petition sets forth the factual background and procedural history of this case, which history is incorporated herein by reference. This Statement in Support is being provided as referenced in Paragraph 25 of the Joint Petition.

The settlement embodied in the Joint Petition (the “Settlement”) was achieved only after extensive investigation, discussions, and negotiations by the Joint Petitioners. Met-Ed is in full

agreement with the resolution of outstanding issues related to the topic of Met-Ed's outstanding invoices as discussed in the Terms and Conditions of Settlement, Paragraph 24(a)(ii), of the Joint Petition, which is the sole topic of Met-Ed's limited interest in this proceeding. Notwithstanding that limited interest, Met-Ed also agrees with the larger outcome of this proceeding and supports all terms of the agreement as outlined in the Joint Petition.

## **II. SUMMARY OF THE SETTLEMENT AS IT PERTAINS TO MET-ED**

From Met-Ed's perspective, this proceeding developed following and, in part, as a result of a lengthy history of non-payment of electric bills resulting in litigation that included NHSC, the OCA, I&E and Met-Ed that stems back to 2017 from a litigation standpoint, but had developed over a longer period of time preceding that litigation. Specific to that issue, the Settlement resolves the outstanding balance for electricity consumption accrued by NHSC over a period of many years which has remained outstanding. Under the terms of the Settlement, Met-Ed has agreed to write off half of the outstanding balance, and Aqua has agreed to pay the remaining outstanding balance. Given the duration that this balance has remained outstanding and the impact to each utility's (Met-Ed and NHSC) customers and their respective operations, this outcome is fair, reasonable, and is in the best interest of the customers of those utilities and the public at large. By spreading the burden of this outstanding balance, Met-Ed is able to retain a portion of the value of its receivables which would otherwise be recovered from customers, while NHSC's customer base will not shoulder the full burden of that balance at the same time that there are many other expenses that those same customers must fund through the utility's transition. This outcome brings to closure a long-standing issue amongst the parties; meanwhile, the larger acquisition itself promises to ensure the viability of NHSC's operations over to long term so as to hopefully avoid similar balances accruing in the future. Indeed, since the time that NHSC was placed into receivership, all amounts outside of the subject balance have been paid on full and timely basis, ensuring that

the operations of both utilities remain stable and properly funded. For this and all of the reasons that the other parties discuss in greater detail within their Statements, Met-Ed supports the total outcome represented in the Joint Petition and urges that the Commission approve the Joint Petition as being in the public interest.

### III. CONCLUSION

In sum, the Settlement provides a reasonable means of resolving the issue raised in this proceeding. It also reduces the administrative burdens on the Commission and the litigation costs of all parties. Accordingly, for the reasons set forth above and in the Joint Petition, the Settlement is in the public interest and should be approved without modification.

Respectfully submitted,



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Dated: May 13, 2022

*Counsel for Metropolitan Edison Company*

**Before The  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
Steven K. Haas, Presiding**

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<b>Pennsylvania Public Utility Commission</b>	<b>:</b>	<b>Docket No. M-2018-2645983</b>
	<b>:</b>	
<b>v.</b>	<b>:</b>	
	<b>:</b>	
<b>North Heidelberg Sewer Company</b>	<b>:</b>	
	<b>:</b>	
<b>Section 529 Investigation –</b>	<b>:</b>	<b>Docket No. I-2018-3001161</b>
<b>North Heidelberg Sewer Company</b>	<b>:</b>	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 13<sup>th</sup> day of May 2022, served a true and correct copy of the foregoing Joint Petition for Approval of Settlement, upon the persons and in the manner indicated below:

**VIA ELECTRONIC MAIL**

The Honorable Steven K. Haas  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
sthaas@pa.gov

Carrie B. Wright, Prosecutor  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
carwright@pa.gov

Christine Maloni Hoover  
Deputy Consumer Advocate  
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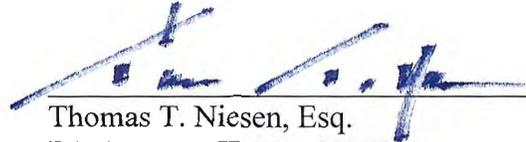
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A handwritten signature in blue ink, appearing to read "T. Niesen", is written over a horizontal line.

Thomas T. Niesen, Esq.  
PA Attorney ID No. 31379  
*Counsel for Aqua Pennsylvania Wastewater, Inc.*