

1 -----  
 2 Aqua Pennsylvania |  
 3 Wastewater, Inc. Sections | Docket No. A-2019-3015173  
 4 1329 Application for |  
 5 Acquisition of Delaware |  
 6 County Regional Water |  
 7 Quality Control Authority's |  
 8 Wastewater System Assets |  
 9 Public Input Hearing |  
 10 -----

11 Pages 586 - 734

Judge's Chambers  
 State Office Building  
 801 Market Street  
 Philadelphia, PA

Thursday, November 17, 2022  
 Commencing at 1:02 p.m.

INDEX TO EXHIBITS

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16 For Ms. Owen:		
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### Tweet



**Aqua** @MyAquaA... · 9/8/22 ...

DELCORA must invest roughly \$700 million in wastewater infrastructure improvements through 2028, which will continue to drive up customer rates, even more than the 30% over the last 3 years!



[aquafordelcora.com](http://aquafordelcora.com)  
Enough is Enough!

Visit

1 comment, 1 retweet, 3 likes, share icon



## Tweet

**Aqua**

@MyAquaAmerica



DELCORA leadership wants to partner with Aqua, which will provide reliable wastewater treatment and prevent massive rate increases.

- ✓ Utility infrastructure experts
- ✓ National expertise with local presence
- ✓ Rate stabilization
- ✓ Ample capital resources
- ✓ Commitment to Delaware County

**AQUA**™ the **RIGHT** partner for you!

Tweet your reply





Aqua Pennsylvania, Inc.  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Toll Free: 877.987.2782  
 Fax: 866.780.8292  
 AquaAmerica.com

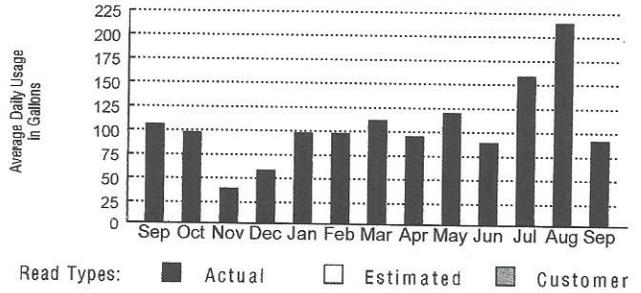
Questions about your water/sewer service? Contact us before the due date.  
 Bill Date: September 14, 2022  
 Total Amount Due: \$ 193.86  
 Current Charges Due Date: October 06, 2022

Meter Data	Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
	21078029	5/8	09/12/22	31	Actual	45200	2,800	Gallons
			08/12/22		Actual	42400		
Average Daily Usage = 90 Gallons		Total Days: 31		Total Usage:		2,800	Gallons	

**Billing Detail**

Amount Owed from Last Bill .....	\$ 304.19
Total Payments Received .....	304.19
Remaining Balance .....	0.00
Customer Charge Water .....	20.51
2,000 gallons @ \$0.01305 per gallon .....	26.10
Next 800 gallons @ \$0.015451 per gallon .....	12.36
Current Water Charges .....	58.97
Customer Charge Sewer .....	98.95
2,800 gallons @ \$0.012837 per gallon .....	35.94
Current Sewer Charges .....	134.89
Amount Due .....	\$ 193.86

**Water Usage History**



**Message Center (see reverse side for other information)**

- Would you like to quickly and easily learn important information about your water? Please let us know how you want to be contacted via our new automated notification system by clicking on the WaterSmart Alerts button at [www.aquaamerica.com](http://www.aquaamerica.com).
- Coming soon: We are excited to announce that a new and improved Aqua website will be launching this summer! The new site will offer user-friendly enhancements and a new look. More details will be shared soon.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

Aqua Pennsylvania, Inc.  
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Account Number [Redacted]

Please do not remit payment to the above address

Withdrawn on or after  
 10/06/2022

**TOTAL AMOUNT DUE**  
**\$ 193.86**

Cyc=10G7 1up=3949114

Seq=38461

**Do Not Pay**

If your Current Balance is less than the Total Amount Due listed on this statement, the lesser amount will be withdrawn.



[Redacted]  
 DOWNINGTOWN PA 19335-1106

**Aqua Pennsylvania, Inc.**  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Toll Free: **877.987.2782**  
 Fax: **866.780.8292**  
**AquaAmerica.com**

Questions about your water/sewer service? Contact us before the due date.  
 Bill Date **September 14, 2022** Total Amount Due **\$ 179.73**  
 Current Charges Due Date **October 06, 2022**

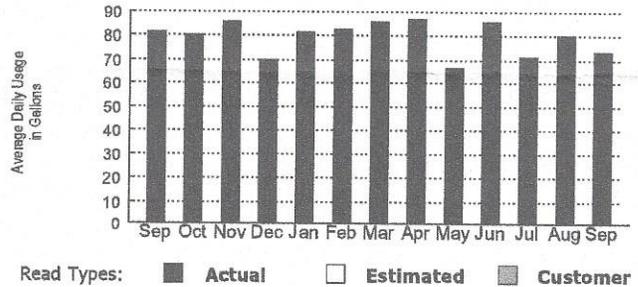
**Meter Data**

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
21114756	5/8	09/12/22 08/12/22	31	Actual Actual	21500 19200	2,300	Gallons
Average Daily Usage = 74 Gallons		Total Days: 31		Total Usage:		2,300	Gallons

**Billing Detail**

Amount Owed from Last Bill .....	\$ 187.31
Total Payments Received .....	187.31
<b>Remaining Balance .....</b>	<b>0.00</b>
Customer Charge Water .....	20.51
2,000 gallons @ \$0.01305 per gallon .....	26.10
Next 300 gallons @ \$0.015451 per gallon .....	4.64
Current Water Charges .....	51.25
Customer Charge Sewer .....	98.95
2,300 gallons @ \$0.012837 per gallon .....	29.53
Current Sewer Charges .....	128.48
<b>Amount Due .....</b>	<b>\$ 179.73</b>

**Water Usage History**



**Message Center** (see reverse side for other information)

- Would you like to quickly and easily learn important information about your water? Please let us know how you want to be contacted via our new automated notification system by clicking on the WaterSmart Alerts button at [www.aquaamerica.com](http://www.aquaamerica.com).
- Coming soon: We are excited to announce that a new and improved Aqua website will be launching this summer! The new site will offer user-friendly enhancements and a new look. More details will be shared soon.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT

**Aqua Pennsylvania, Inc.**  
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:  
**Aqua PA**

Account Number



Please do not remit payment to the above address

DUE DATE **10/06/2022** TOTAL AMOUNT DUE **\$179.73**

Cyc=10G7 1up=3949114

Seq=894

Amount Enclosed \$

\*\*AUTO\*\*SCH 5-DIGIT 19335 C 3 P 1 894 1 AV 0.452



MARY KAY OWEN  
 113 CHAPEL CT  
 DOWNINGTOWN PA 19335-1106

**AQUA PENNSYLVANIA**  
 PO BOX 70279  
 PHILADELPHIA PA 19176-0279



00161943603240190000000179737

## **Schmucki Exhibit #1**

### **Summary of Testimony of Ross F. Schmucki** 218 Rutgers Ave., Swarthmore, PA

Public Input Hearing in the PUC before Administrative Law Judge F. Joseph Brady  
In the matter of Application of Aqua No. A-2019-3015173  
Nov. 17, 2022

1. My name is Ross F. Schmucki. I am an adult residing at 218 Rutgers Ave., Swarthmore, PA 19081.

2. On July 31, 2020 I filed a Protest with the PUC objecting to Aqua's Application to operate the DELCORA system.

3. In the matter of Aqua's Application I respectfully request that the following Input be considered.

Ross F. Schmucki Protest filed with the PUC on Oct. 31, 2020.

Ross F. Schmucki Testimony at the Public Input Hearing on Sept. 16, 2020, before Administrative Law Judge Angela T. Jones.

Ross F. Schmucki Testimony offered at the Public Input Hearing on Nov. 17, 2022, before Administrative Law Judge F. Joseph Brady.

4. My list of Exhibits appears at the conclusion of this Summary.

5. I am a ratepayer affected by the DELCORA sewer system performance and rates. I object to Aqua's Application to the PUC for permission to operate the DELCORA system under the terms of the Agreement of Sale dated Sept. 17, 2019, as Amended Feb. 24, 2020.

6. My home sewer line connects to DELCORA's system via the Swarthmore Borough lines and Central Delaware County Authority lines. DELCORA sets sewer rates that determine the sewer fees for Swarthmore Borough and its residents.

7. In today's testimony I focus on deficiencies in the Trust, however, I continue to assert all grounds for objection to Aqua's Application stated in my Protest (Schmucki Exhibit #2).

#### **THE TRUST IS NO SUBSTITUTE FOR A REGULATED RATE STABILIZATION AGREEMENT**

8. Aqua has consistently failed to offer to DELCORA ratepayers a regulated rate stabilization agreement that is enforceable against Aqua before the PUC.

9. Instead Aqua relies on a private Trust between the utility and a subset of ratepayers in order to avoid regulation (Schmucki Exhibit #2). The Trust improperly avoids regulation of ratemaking assets.

10. Under the terms of Sale ratepayers within the DELCORA system will have no legal recourse against Aqua to protect their interests in the Trust (Schmucki Exhibit #2).

11. Ratepayers outside the DELCORA system are disadvantaged by the Trust, which segregates \$200 million in Aqua ratemaking assets from regulatory scrutiny.

12. The Trust document is not published. The ratepayers have not seen the Trust and have no access to it. Sections 4.1, 5.3 and 5.5 of the Trust make it clear the Trust will be non-responsive to ratepayer claims against the Trust. (Schmucki Exhibit #2).

13. There is no Contract between Aqua and DELCORA that gives ratepayers legal rights in order to make claims against Aqua regarding the Trust.

14. There is a private Memorandum of Understanding between Aqua and DELCORA, however, the Memorandum of Understanding is not enforceable by the ratepayers against Aqua (Schmucki Exhibit #2).

15. In 2019 I spoke with Christopher Franklin, Chairman & CEO of Aqua, about the Trust. We had a subsequent email exchange on November 17, 2019, about the Trust. Mr. Franklin said in his email as follows (Schmucki Exhibit#3).

From: Christopher Franklin  
To: Ross Schmucki  
Sunday, Nov. 17, 2019 at 10:15pm

Ross-

Thank you for the follow up to our conversation last week. As I mentioned while we were together, I am always happy to visit municipal leadership in areas we serve water. Swarthmore is no exception and as such, please feel free to contact me at any time with questions or comments or to consider dates for mutually convenient in-person discussions.

While we were together, you had questions regarding the DELCORA Trust that is in the process of formation. While I appreciate your questions and understand that you have a considerable background in this area of the law, I am not in a position to answer your questions. The customers are the beneficiaries of the Trust and Aqua will be the recipient of those funds from the Trust that offset rates. As such, **Aqua executives and our legal team cannot participate in the planning or execution of the DELCORA Trust.** As a representative of the customers in Swarthmore, you are asking the right questions and I am certain that representatives of DELCORA, including David Nastier (DELCORA outside counsel) will be happy to answer your questions or address your concerns once the Trust documents are far enough along in their development. Again, if you have any questions regarding Aqua's future ownership of DELCORA, I am happy to discuss them with you. All Trust questions should be posed to DELCORA and their counsel.

Thanks again for your time and follow up.  
Chris

AQUA, Christopher Franklin, Chairman & CEO

16. Mr. Franklin makes it clear that ratepayers have no recourse against Aqua to enforce the Trust (Schmucki Exhibit #3).

17. Ratepayers will have no recourse against DELCORA to enforce the Trust, since DELCORA will cease to operate once Aqua assumes its operations.

18. The Trust itself does not allow for the ratepayers to enforce the Trust (Schmucki Exhibit #2).

19. The ratepayers will have no entity to make a claim against regarding the Trust. For example, if they seek a larger payout from the Trust in order to offset Aqua rate increases.

20. The ratepayers will have no ability to present claims regarding the Trust to Aqua, DELCORA, the Trust or the PUC.

21. The Trust is outside the jurisdiction of the PUC, so the ratepayers will have no recourse through the PUC to seek rate stabilization from the Trust assets.

22. The Trust is an ineffective substitute for a regulated rate stabilization agreement enforceable against Aqua before the PUC.

23. The funding and operation of the Trust is a transaction that exclusively pays money to Aqua. The Trust does not provide a discount of the sewer rate. The Trust allows Aqua to seek large rate increases with no Aqua rate stabilization (Schmucki Exhibit #2).

24. For this reason Aqua's Application should be denied as not in the best interests of the ratepayers.

#### **TRANSFER TO AQUA WILL INCREASE RATES WITHOUT BENEFIT TO RATEPAYERS**

25. Aqua justifies acquiring DELCORA with the erroneous claim that DELCORA has an inadequate plan to avoid cost increases at the Eastern (Philadelphia) treatment plant.

26. The 2021 DELCORA ACT 537 Plan will protect ratepayers from excessive future costs (Schmucki Exhibits # 4 & 5). Involvement of Aqua is not needed.

27. The 2021 DELCORA ACT 537 Plan does not recommend transfer of operations to Aqua, or state that such transfer is advisable or beneficial. DELCORA has an adequate Plan to build a deep tunnel transfer and storage facility in order to reduce or avoid increased costs from the Eastern (Philadelphia) plant (Schmucki Exhibits #4 & 5).

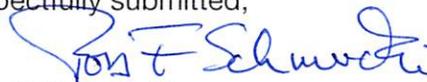
28. Aqua has never presented any different or better plan than the DELCORA Plan for dealing with future capital costs.

29. Aqua plans to do exactly what DELCORA plans to do, only in a more costly manner as a for-profit corporation.

30. If Aqua operates the system, an annual corporate overhead and profit margin will be tacked onto rates. Aqua will not have access to more favorable municipal borrowing rates that are available to DELCORA as an Authority. Aqua will not have the power of eminent domain that is available to DELCORA as an Authority. These factors will add cost to the system that does not exist under DELCORA operation.

31. I request that the Pennsylvania Public Utility Commission deny Aqua's Application as not in the best interests of the ratepayers.

Respectfully submitted,



Ross F. Schmucki

ROSS F. SCHMUCKI LIST OF EXHIBITS

Schmucki Exhibit #1 - This Summary of the Testimony of Ross F. Schmucki.

Schmucki Exhibit #2 - Protest and Exhibits filed on July 31, 2020.

The Protest is filed with the PUC and accessible to the ALJ and Parties.

Schmucki Exhibit #3 - Email of Nov. 17, 2019, from Christopher Franklin to Ross Schmucki.

The Chris Franklin email Exhibit is attached hereto. Email addresses and phone numbers have been blanked out to protect privacy.

Schmucki Exhibit #4 - DELCORA web page October 25, 2022, describing the Deep Tunnel Plan.

The Tunnel Project Description can be read in full at the following link:

<https://www.delcora.org/tunnel-project/>

Schmucki Exhibit #5 - DELCORA 2021 ACT 537 Sewer Plan.

The ACT 537 PLAN can be read in full at the following link:

<https://www.delcora.org/wp-content/uploads/2021/12/Final-DELCORA-ESA-537-Plan.pdf>



Schmucki Exhibit #3  
Email of Nov. 17, 2019, from Christopher Franklin  
PUC Public Input Testimony Nov. 17, 2022

**RE: [EXTERNAL] Swarthmore Borough - DELCORA Asset Purchase Trust**

1 message

**Franklin, Christopher H**

Sun, Nov 17, 2019 at 10:15 PM

To: Ross Schmucki

"david.nasatir"

Cc: Jane Billings

"Luning, Christopher P"

Ross,

Thank you for the follow up to our conversation last week. As I mentioned while we were together, I am always happy to visit municipal leadership in areas we serve water. Swarthmore is no exception and as such, please feel free to contact me at any time with questions or comments or to consider dates for mutually convenient in-person discussions.

While we were together, you had questions regarding the DELCORA Trust that is in the process of formation. While I appreciate your questions and understand that you have a considerable background in this area of the law, I am not in a position to answer your questions. The customers are the beneficiaries of the Trust and Aqua will be the recipient of those funds from the Trust that offset rates. As such, Aqua executives and our legal team cannot participate in the planning or execution of the DELCORA Trust. As a representative of the customers in Swarthmore, you are asking the right questions and I am certain that representatives of DELCORA, including David Nasatir (DELCORA outside counsel) will be happy to answer your questions or address your concerns once the Trust documents are far enough along in their development.

Again, if you have any questions regarding Aqua's future ownership of DELCORA, I am happy to discuss them with you. All Trust questions should be posed to DELCORA and their counsel.

Thanks again for your time and follow up.

Best Regards,

Chris



**Christopher Franklin**

**Chairman & CEO**



**From:** Ross Schmucki  
**Sent:** Wednesday, November 13, 2019 8:16 PM  
**To:** Franklin, Christopher H david.nasatir  
**Cc:** Jane Billings Ross Schmucki  
**Subject:** [EXTERNAL] Swarthmore Borough - DELCORA Asset Purchase Trust

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Mr. Franklin and Mr. Nasatir,

Yesterday (Nov. 13) Jane Billings (Swarthmore Borough Manager) and I met you at the CDCA board meeting regarding the AQUA offer to purchase DELCORA assets. Swarthmore Borough is serviced by CDCA. Ms. Billings and I asked questions about the asset purchase, and you spoke with us after the meeting.

One of my questions at the meeting was about the Trust intended to alleviate future rate hikes. I asked if I could see the Trust document to see under what circumstances expenditures of principal and income will be allowed. I asked if the Trust was an exhibit to the asset purchase agreement. Mr. Nasatir you said that the Trust document is not yet prepared, but you are willing to share that document. Mr. Franklin in our conversation you said that I should keep asking to see the Trust document.

I am following up on your offers and asking to review the Trust document(s) when you have a version for review to provide comments. I mentioned to you that as a retired Corporate Counsel I am familiar with reviewing corporate legal documents.

Thank you for your anticipated cooperation in sharing the Trust document(s). I

appreciate Mr. Franklin sharing with me the history that AQUA was founded in Swarthmore at the urging of Swarthmore College Professors. If you have any questions or have any desire to visit us in Swarthmore, feel free to contact me or Borough Manager Jane Billings.

Sincerely, Ross F. Schmucki

Member Swarthmore Borough Council & Chair Public Works Committee

cc: Jane Billings, Swarthmore Borough Manager