
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

William C. Rhodes
Tel: 215.864.8534
Fax: 215.864.8999
rhodes@ballardspahr.com

March 6, 2023

Via electronic filing only

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

Re: Docket No. A-2022-3034143– Application of Aqua Pennsylvania, Inc. to Acquire the Water System Assets of the Borough of Shenandoah and the Municipal Authority of the Borough of Shenandoah

Dear Rosemary:

We are counsel to the Borough of Shenandoah in the above-referenced matter and are submitting, with this letter, the Borough's Pre-Hearing Memorandum. A copy of this document is being served upon all parties of record via electronic mail.

Very truly yours,

/s/ William C. Rhodes

William C. Rhodes
Counsel to Borough of Shenandoah

cc: Administrative Law Judge Jeffrey A. Watson
Nick Miskanic, Legal Assistant for Office of the Administrative Law Judge
All parties of record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<p>Application of Aqua Pennsylvania, Inc. (“Aqua”) under Sections 1102 1329 of the Pennsylvania Public Utility Code for (1) approval of the acquisition by Aqua of the water system assets of the Borough of Shenandoah (“Shenandoah” or “Borough”) and the Municipal Authority of the Borough of Shenandoah (“MABS” or the “Authority”) situated within the Borough, West Mahanoy Township, Mahanoy Township, Butler Township, Girardville Borough, and Union Township, Schuylkill County, Pennsylvania, (2) approval of the right of Aqua to begin to offer, render, furnish and supply water service to the public in the Borough of Shenandoah, West Mahanoy Township, Mahanoy Township, Butler Township, and Girardville Borough, Schuylkill County, Pennsylvania; (3) an order approving the acquisition that includes the ratemaking rate base of the Borough and MABS water system assets pursuant to Section 1329(c)(2) of the Public Utility Code; and (4) approval of a contract between Aqua, the Borough, and MABS, pursuant to Section 507 of the Public Utility Code.</p>	<p>Docket No. A-2022-3034143</p>
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PREHEARING MEMORANDUM OF THE BOROUGH OF SHENANDOAH

The Borough of Shenandoah (“Shenandoah” or the “Borough”), by and through its attorneys, Ballard Spahr LLP, submits this prehearing memorandum pursuant to the Prehearing Conference Order in advance of the initial telephonic prehearing conference scheduled for Tuesday, March 7, 2023 in the above-captioned matter.

I. Background

These proceedings concern the application of Aqua Pennsylvania, Inc. (“Aqua”) for approval to acquire the water treatment and distribution system assets situated within the Borough, West Mahanoy Township, Mahanoy Township, Butler Township, Girardville Borough,

and Union Township, Schuylkill County, Pennsylvania which provides public water service to customers in the Borough, West Mahanoy Township, Mahanoy Township, Butler Township, and Girardville Borough in Schuylkill County, Pennsylvania pursuant to Sections 507, 1102 and 1329 of the Pennsylvania Public Utility Code.

By Secretarial Letter dated December 9, 2022, the Commission, inter alia, conditionally accepted Aqua's application. On February 3, 2023, the Commission, by Secretarial Letter, finally accepted Aqua's applications for filing and assigned Administrative Law Judge Jeffrey A. Watson to preside over the proceeding. An initial telephonic prehearing conference for the Application was scheduled for Tuesday, March 7, 2023. Additionally, pursuant to the Prehearing Conference Order issued by Judge Watson, all parties must file and serve their prehearing memoranda on or before 10:00 a.m. Monday, March 6, 2023.

On March 3, 2023, Shenandoah filed its Petition to Intervene to adequately address the interests of the Borough in this proceeding, and consequently submits this prehearing memorandum.

II. Issues

A. Approval of Application

Issue: Should the Pennsylvania Public Utility Commission approve Aqua's application to (i) acquire the water system assets of the Borough and (ii) begin to offer, render, or furnish water service to the public in the Borough, West Mahanoy Township, Mahanoy Township, Butler Township, and Girardville Borough, Schuylkill County, Pennsylvania?

Borough's Position: The Commission should issue a Certificate of Public Convenience approving the acquisition because Aqua's acquisition of the Borough's water system assets is

necessary or proper for the service, accommodation, convenience or safety of the public. The public benefits of this acquisition include, but are not limited, to the following:

1. The Borough can exit the water treatment and distribution business and instead focus its resources on other core government functions while ensuring safe, reliable, and professional service at affordable rates for its residents;
2. Benefits from Aqua's expertise, long-standing capital improvement programs, and its experience in improving systems with throughout the Commonwealth to address capital improvements needed over time in the Borough;
3. Borough residents will benefit from enhanced customer service and operational functions through expanded customer service hours, additional payment options (including by phone or online), access to Aqua's Helping Hand low-income assistance program, and Aqua's team of experienced water professionals;
4. Aqua's proven record of environmental stewardship for the operation of water systems; and
5. Regulation of the service provided to the Borough's customers will fall under Commission jurisdiction, which will ensure regulatory oversight, require approval for all rate increases, and provide significant consumer protections.

B. Ratemaking Rate Base

Issue: Pursuant to Section 1329 of the Code, what is the ratemaking rate base of the water system assets of the Borough?

Borough's Position: Pursuant to Section 1329 of the Code, Aqua shall be permitted to use \$12,000,000 for ratemaking rate base purposes for the acquired water system assets.

C. Validity of Contracts

Issue: Pursuant to Section 507 of the Code, is the Asset Purchase Agreement dated July 20, 2021 between Aqua, the Borough, and MABS valid, reasonable, and otherwise lawful?

Shenandoah's Position: The Asset Purchase Agreement dated July 20, 2021 between Aqua, the Borough, and MABS is valid, reasonable, and otherwise lawful under Section 507 of the Code.

D. Settlement

Shenandoah is willing to address settlement of all or part of the proceeding with the other parties.

III. Witnesses

Shenandoah expects to present the testimony of the following witnesses:

Leo Pietkiewicz
Board of the Municipal Authority of the Borough of Shenandoah and Borough Council
404 West Cherry Street
Shenandoah, PA 17976

Dylan W. D'Ascendis
ScottMadden, Inc.
Utility Valuation Expert
3000 Atrium Way, Suite 200
Mount Laurel, NJ 08054

However, the Borough respectfully reserves its right to call additional witnesses, if necessary, and agrees to notify Judge Watson and the parties promptly should the Borough determine that any additional witnesses must be called.

IV. Litigation Schedule

Shenandoah agrees to work with the parties to develop a litigation schedule for this proceeding.

Respectfully submitted,

/s/ William C. Rhodes

William C. Rhodes, Esquire (PA I.D. 63029)

BALLARD SPAHR LLP

1735 Market Street, 51st Floor

Philadelphia, PA 19103-7599

rhodes@ballardspahr.com

Tel.: (215) 864-8534

Fax: (215) 864-8999

Email: rhodes@ballardspahr.com

Counsel for the Borough of Shenandoah

Dated: March 6, 2023

CERTIFICATE OF SERVICE

I, William C. Rhodes, hereby certified that I have served a true and correct copy of the foregoing Petition to Intervene upon the following parties, as indicated below:

PA PUC – VIA E-FILE

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

OSBA

Sharon E. Webb
Assistant Small Business Advocate
swebb@pa.gov

I&E

Carrie B. Wright, Esq.
carwright@pa.gov

Aqua Pennsylvania, Inc.

Alexander R Stahl, Esq.
Aqua Pennsylvania, Inc.
astahl@aquaamerica.com

Courtney L. Schultz, Esq.
Saul Ewing
Centre Square West, 1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
Courtney.Schultz@saul.com

OCA

Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923

Christine Maloni Hoover
CHoover@paoca.org

David T. Evrard
devrard@paoca.org

Harrison W. Breitman, Esq.
hbreitman@paoca.org

Erin L. Gannon
egannon@paoca.org

Laura Myers
lmyers@paoca.org

Intervenor

Donna Gawrylik
114 South West Street
Shenandoah, PA 17976
vette@ptd.net

MABS

William C. Rhodes
Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103
rhodes@ballardspahr.com

/s/ William C. Rhodes _____

Dated: March 6, 2023