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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 Municipal Authority of the Borough of Shenandoah in the above-referenced matter and are submitting, with this letter, the Authority'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 the Municipal Authority of the 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 MUNICIPAL AUTHORITY OF THE BOROUGH
OF SHENANDOAH**

The Municipal Authority of the Borough of Shenandoah (“MABS” or the “Authority”), 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 of Shenandoah (“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, MABS filed its Petition to Intervene to adequately address the interests of the Authority 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 MABS and 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?

Authority's Position: The Commission should issue a Certificate of Public Convenience approving the acquisition because Aqua's acquisition of the 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 MABS and the Borough?

Authority'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?

Authority'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

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

III. Witnesses

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

IV. Litigation Schedule

MABS 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)

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*Counsel for the Municipal Authority of 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

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Borough of Shenandoah

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/s/ William C. Rhodes _____

Dated: March 6, 2023