



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 7, 2023

Via Electronic Filing

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Application of Aqua Pennsylvania Wastewater, Inc. pursuant to Sections 1102 and 1329 of the Public Utility Code for: (1) approval of the acquisition of Aqua of the water system assets of the Borough of Shenandoah and the Municipal Authority of the Borough of Shenandoah situated within the Borough of Shenandoah, 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; and (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. Request for Approval of Contract, between Aqua, the Borough and MABS, Pursuant to Section 507 of the Public Utility Code
Docket No. A-2022-3034143

I&E Pre-Served Testimony and Exhibit, and Verification Statements

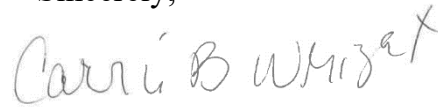
Dear Secretary Chiavetta:

Attached are exhibits admitted by Judge Watson in his Recommended Decision dated May, 18, 2023. Attached are the following exhibits:

D.C. Patel I&E Statement No. 1 I&E Exhibit No. 1
Esyon Sakaya I&E Statement No. 2
Verification Statements of D.C. Patel and Esyan Sakaya

Copies of this letter are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B. Wright
Prosecutor
PA Attorney ID No. 208185
(717) 783-6156
carwright@pa.gov

CBW/jfm
Enclosures

cc: Hon. Jeffrey A. Watson (*Cover Letter & Certificate of Service only - via e-mail*)
Nick Miskanic, Legal Assistant (*Cover Letter & Certificate of Service only- via e-mail*)
Per Certificate of Service (*Cover Letter & Certificate of Service only- via e-mail*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania Wastewater, Inc. :
(hereinafter referred to as “Aqua” or :
“Applicant”) pursuant to Sections 1102 and 1329 of the :
Public Utility Code for: :

(1) approval of the acquisition of 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 of :
 Shenandoah, 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; and :
(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. :

Docket Nos.: A-2022-3034143

Request for Approval of Contract, between Aqua, the :
 Borough and MABS, Pursuant to Section 507 of the :
 Public Utility Code :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Pre-Served Testimony, Exhibit & Verification Statements** dated June 7, 2023, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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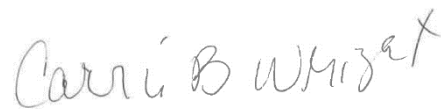
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MABS & Borough of Shenandoah*



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**I&E Statement No. 1
Witness: D. C. Patel**

**Application of Aqua Pennsylvania, Inc. for Acquisition
of Water Distribution and Treatment System Assets of the Borough of
Shenandoah
and Municipal Authority of the Borough of Shenandoah**

Docket No. A-2022-3034143

Direct Testimony

of

D. C. Patel

Bureau of Investigation & Enforcement

**Concerning:
Summary of 66 Pa. C.S. § 1102 and 66 Pa. C.S. § 1329
Easements and Other Property Rights**

TABLE OF CONTENTS

INTRODUCTION OF WITNESS 1

SUMMARY OF 66 PA. C.S. § 1329 AND 66 PA. C.S. § 1102..... 3

EASEMENTS AND OTHER PROPERTY RIGHTS..... 4

OVERALL RECOMMENDATION..... 7

1 **INTRODUCTION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is D. C. Patel, and my business address is Pennsylvania Public Utility
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg,
5 PA 17120.

6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
9 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
10 Analyst.

11

12 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL
13 BACKGROUND?**

14 A. My educational and professional background is set forth in the attached
15 Appendix A.

16

17 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN THIS PROCEEDING.**

18 A. I&E is responsible for protecting the public interest in proceedings before the
19 Commission. The I&E analysis and testimony in this proceeding is based on its
20 responsibility to represent the public interest. This responsibility requires the
21 balancing of the interests of ratepayers, the regulated utility, and the regulated
22 community as a whole.

1 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A. The purpose of my direct testimony is to address issues related to the application
3 of Aqua Pennsylvania, Inc. (Aqua) for approval of the acquisition of water
4 distribution and treatment system assets of the Municipal Authority of the
5 Borough of Shenandoah (MABS) and the Borough of Shenandoah (Municipality)
6 (collectively referred to as Shenandoah) in the Commonwealth of Pennsylvania.
7 Specifically, I am addressing the missing or unidentified easements and other
8 property rights of Shenandoah.

9

10 **Q. DOES YOUR DIRECT TESTIMONY INCLUDE AN EXHIBIT?**

11 A. Yes. I&E Exhibit No. 1 supports my direct testimony.

12

13 **Q. WHAT IS AQUA REQUESTING IN THIS APPLICATION?**

14 A. First, under 66 Pa. C.S. § 1102 (Section 1102), Aqua is requesting approval to
15 acquire Shenandoah’s water system assets and the right to begin furnishing water
16 distribution services in the areas currently served by Shenandoah’s water system
17 in West Mahanoy Township, Mahanoy Township, Butler Township, and
18 Girardville Borough, Schuylkill County, Pennsylvania. Second, under 66 Pa. C.S.
19 § 1329 (Section 1329), inter alia Aqua is seeking to utilize the fair market value to
20 establish the ratemaking rate base of \$12,000,000 for Shenandoah’s water system
21 assets based on the negotiated purchase price and other related approvals (Aqua
22 Application, pp. 2-3). Third, under 66 Pa. C.S. § 507, Aqua is seeking certificate

1 of filing or approval for the Asset Purchase Agreement dated July 20, 2021,
2 entered between Aqua, MABS, and the Municipality (Aqua Application, p. 18).

3
4 **SUMMARY OF 66 PA. C.S. § 1329 AND 66 PA. C.S. § 1102**

5 **Q. WHAT TYPE OF FAIR MARKET VALUATION DOES SECTION 1329**
6 **ALLOW?**

7 A. Section 1329 allows consideration of the fair market valuation of two independent
8 utility valuation experts (UVEs) in the acquisition of water and wastewater
9 systems owned by a municipal corporation or authority. One UVE is selected by
10 the buyer and the other is selected by the seller. Each valuation must be made in
11 compliance with the Uniform Standards of Professional Appraisal Practice
12 (USPAP), employing the cost, income, and market approaches. Further, Section
13 1329 states that the ratemaking rate base of the selling utility shall be the lesser of
14 the negotiated purchase price or the average of UVEs' recommended fair market
15 value of the selling utility.

16
17 **Q. HOW ARE FAIR MARKET VALUATIONS INCORPORATED INTO A**
18 **SECTION 1102 APPLICATION?**

19 A. The results of the UVEs' analyses are incorporated into the Section 1102
20 application for a certificate of public convenience to be submitted to the
21 Commission for approval.¹

¹ http://www.puc.pa.gov/filing_resources/issues_laws_regulations/section1329_applications.aspx, (accessed on March 10, 2023).

1 **EASEMENTS AND OTHER PROPERTY RIGHTS**

2 **Q. AS A PART OF AQUA’S APPLICATION, DID AQUA INDICATE THAT**
3 **IT IDENTIFIED AND CONFIRMED ALL REAL ESTATE, INCLUDING**
4 **LEASES, EASEMENT RIGHTS, AND ACCESS TO PUBLIC RIGHTS-OF-**
5 **WAY THAT MUST BE TRANSFERRED TO AQUA TO FACILITATE**
6 **AQUA’S OPERATION OF SHENANDOAH’S WATER SYSTEM?**

7 A. No. In response to I&E-I-14 (I&E Exhibit No. 1, p. 1), Aqua states that: (1)
8 Shenandoah has identified all fee simple real estate. However, it is still in the
9 process of identifying easements and rights-of-way and the abstractor will have
10 the search completed by the end of February 2023; and (2) there is no indication of
11 any problematic easements, however, any further information will be available
12 upon the completion of the search.

13
14 **Q. DO AQUA OR SHENANDOAH HAVE ANY TIMELINE OR UPDATES**
15 **FOR THE COMPLETION OF TITLE SEARCH BY THE ABTRACTOR?**

16 A. No. In response to I&E-I-15 (I&E Exhibit No. 1, p. 2), Aqua states that the
17 abstractor, Assured Realty Transfer began initial title search work in the summer
18 of 2021 and MABS provided the mapping for the transmission/distribution lines in
19 the summer of 2022. Therefore, the second phase of title search to identify all
20 easements, rights-of-way, etc. for the system is ongoing as of the date of response
21 (i.e., January 13, 2023). Additionally, Shenandoah expects to transfer all missing
22 easements, leases, and rights-of-way necessary and essential for the operation of
23 the water system to Aqua at the time of closing.

1 **Q. WHAT IS YOUR CONCERN ABOUT MISSING/UNIDENTIFIED**
2 **EASEMENTS AND PUBLIC RIGHTS-OF-WAY AS DISCUSSED ABOVE?**

3 A. In the absence of the abstractor/title company's final title search report that will
4 identify the missing easements and other property rights, the UVEs' presumptive
5 valuation of Shenandoah's water system being conveyed with all easements and
6 other property rights necessary to operate the system is potentially flawed or
7 inaccurate. This is true because unless Shenandoah conveys all necessary
8 easements and access to public rights-of-way to Aqua at closing, the UVEs'
9 appraisals, which assume that all necessary property rights will be transferred to
10 Aqua, may be rendered factually inaccurate and, thus, invalid.

11
12 **Q. DO YOU HAVE ANY RECOMMENDATION FOR EASEMENTS AND**
13 **OTHER PROPERTY RIGHTS?**

14 A. Yes.

15
16 **Q. WHAT IS YOUR RECOMMENDATION?**

17 A. I recommend that the Commission condition the approval of Aqua's Application
18 that the closing of the acquisition transaction not be permitted to occur unless and
19 until Shenandoah provides proof to the satisfaction of Aqua that it has: (1)
20 identified all missing easements including public rights-of-way and other property
21 rights; (2) taken any and all necessary actions to obtain the missing easements and
22 other property rights so that they may be conveyed to Aqua at closing; and (3)

1 borne all costs and expenses for obtaining and conveying the missing easements
2 and other property rights so that Aqua's ratepayers are not burdened with those
3 costs.

4 Additionally, I recommend that the Commission condition the approval of
5 Aqua's Application that for circumstances beyond Shenandoah's control where it
6 is unable to transfer all missing easements including public rights-of-way and
7 other property rights before or at the closing of the transaction, Aqua and
8 Shenandoah may at their discretion close the transaction without the transfer of
9 missing easements and other property rights, provided that an escrow account be
10 established of an appropriate dollar amount from the purchase price to be used to
11 obtain any post-closing transfers of the easements and other real property rights.
12

13 **Q. WHAT IS THE BASIS OF YOUR RECOMMENDATION?**

14 A. Adopting the above condition is necessary to ensure the UVEs' assumption that all
15 necessary easements and land rights would be conveyed to Aqua at closing is
16 accurate. I note that Section 6.05 (Easements) of the Asset Purchase Agreement
17 (APA) provides a process for identification and conveyance of property easements
18 and other property rights. However, in Section 6.06 (Unscheduled Property) of
19 the APA, Aqua and Shenandoah have acknowledged that Shenandoah may own
20 interests in or have the legal right to use or occupy the real property that is
21 necessary or essential to the operation of the water system and that is not
22 specifically identified in Schedule 4.09 (Real Property and Easements) of the APA

1 (Aqua filing, Exhibit B, pp. 28-29). Therefore, it is very important and essential
2 that the Commission adopt the condition I recommend herein to ensure that
3 ratepayers are protected from the uncertainty about the transfer of missing or
4 unidentified easements and other property rights and the costs of acquiring
5 missing easements and other property rights necessary for Aqua's operation of
6 Shenandoah's water system.

7
8 **OVERALL RECOMMENDATION**

9 **Q. WHAT IS YOUR OVERALL RECOMMENDATION?**

10 A. I recommend that if the Commission approves Aqua's Application, that it does so
11 contingent upon the conditions identified by I&E witness Esyan Sakaya in I&E
12 Statement No. 2 and on the conditions discussed above. For the sake of reference, I
13 have summarized below my recommended conditions.

14 The Commission should condition the approval of Aqua's Application that the
15 closing of the transaction not be permitted to occur unless and until Shenandoah
16 has: (1) identified all missing easements including public rights-of-way and other
17 property rights; (2) taken any and all necessary actions to obtain the missing
18 easements and other property rights so that they may be conveyed to Aqua at
19 closing; and (3) borne all costs and expenses for obtaining and conveying the
20 missing easements and other property rights so that Aqua's ratepayers are not
21 burdened with those costs.

22 Additionally, I recommend that the Commission condition the approval of

1 Aqua's Application that for circumstances beyond Shenandoah's control where it
2 is unable to transfer all missing easements including public rights-of-way and
3 other property rights before or at the closing of the transaction as follows. Aqua
4 and Shenandoah may at their discretion close the transaction without the transfer
5 of missing easements and other property rights, provided that an escrow account
6 be established of an appropriate dollar amount from the purchase price to be used
7 to obtain any post-closing transfers of the easements and other real property rights.

8
9 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 A. Yes. However, I reserve the right to supplement my testimony or to revise
11 recommendations if additional issues or facts arise during this proceeding.

D. C. Patel
Professional and Educational Background

EXPERIENCE:

- Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania
June 2015 to present
Fixed Utility Financial Analyst, Bureau of Investigation and Enforcement
- Pennsylvania Insurance Department, Harrisburg, Pennsylvania
March 2013 - June 2015
Insurance Company Financial Analyst, Bureau of Company Licensing & Financial Analysis
- Pennsylvania Department of Revenue, Harrisburg, Pennsylvania
November 2010 - March 2013
Accounting Assistant, Bureau of Corporation Taxes (Accounting)
- Hersha Hospitality Management, Harrisburg, Pennsylvania
June 2007 - November 2010
Staff Accountant (Taxes), Accounting Department
- Corporate Experience-India
February 1987 - April 2007
Worked as Company Secretary for three different companies during this period, which were listed on the Stock Exchanges.

EDUCATION/CERTIFICATION:

- Gujarat State University, Ahmedabad, India:
 - Bachelor of Commerce (Major concentration: Accounting)
June 1980 - April 1983
 - Bachelor of Law
June 1983 - December 1988
- The Institute of Company Secretaries of India, New Delhi, India:
 - Post Graduate Professional Degree: Company Secretary
June 1983 - December 1985

RATE CASE TRAINING:

- Attended 37th Western NARUC Utility Rate School in May 2016

WORKED ON THE FOLLOWING CASES (testimony not required):

- R-2022-3032167 – Columbia Gas of Pennsylvania, Inc. (Green Path Rider)
- R-2022-3031172 – Columbia Gas of Pennsylvania, Inc. (1307(f))
- R-2021-3024349 – Columbia Gas of Pennsylvania, Inc. (1307(f))
- R-2021-3023541 – National Fuel Gas Distribution Corporation (§ 1307(f))
- A-2020-3020178 – PA American Water Co.-Valley Township-Wastewater (1329)
- A-2020-3019859 – PA American Water Co.-Valley Township-Water (1329)
- A-2020-3021460 – PA American Water Co.-Upper Pottsgrove-Wastewater (1329)
- U-2020-3015258 – Pittsburgh Water and Sewer Authority
- R-2020-3019661 – PECO Energy Co. – Gas Operations (1307(f))
- R-2019-3008255 – Columbia Gas of Pennsylvania, Inc. (1307(f))
- R-2018-3001568 – PECO Energy Co. – Gas Operations (1307(f))
- R-2018-3000253 – Columbia Gas of Pennsylvania, Inc. (1307(f))
- A-2017-2629534 – PPL Electric Utilities (Restructuring Plan)
- R-2017-2631441 – Reynolds Water Co.
- R-2017-2602611 – PECO Energy Co. – Gas Operations (1307(f))
- R-2016-2567893 – Andreassi Gas Co.
- R-2016-2525128 – Columbia Water Co. – Marietta Division
- R-2015-2479962 – Corner Water Supply and Service Corporation
- R-2015-2479955 – Allied Utility Services, Inc.
- R-2015-2493905 – Sands, Inc.

SUBMITTED TESTIMONY IN THE FOLLOWING CASES:

- R-2022-3031672 and R-2022-3031673 – PA American Water Co.
- R-2022-3031211 – Columbia Gas of Pennsylvania, Inc.
- A-2021-3024681 – PA American Water Co. – York City Sewer Authority/City of York Wastewater (1329)
- A-2021-3024267 – Aqua Pennsylvania Wastewater, Inc. – Lower Makefield (WW)
- R-2021-3024601 – PECO Energy Co. – Electric Operations
- R-2021-3024773 et al. – Pittsburgh Water and Sewer Authority
- A-2020-3019634 – PA American Water Co. – Royersford Wastewater (1329)
- R-2020-3018921 – PECO Energy Co. – Gas Operations
- R-2020-3017951 et al. – Pittsburgh Water and Sewer Authority
- R-2020-3018993 – Columbia Gas Pennsylvania, Inc. (1307(f))
- R-2019-3008208 – Wellsboro Electric Company
- R-2019-3008212 – Citizens Electric Company of Lewisburg, PA
- A-2019-3008491 – Aqua Pennsylvania Wastewater, Inc.
- R-2018-3006814 – UGI Utilities, Inc. (Gas Division)
- M-2018-2640802 and M-2018-2640803 – Pittsburgh Water and Sewer Authority (Compliance Plan Stage 2)

- M-2018-2640802 and 2640803 - Pittsburgh Water and Sewer Authority
- R-2018-3002645 and 3002647 - Pittsburgh Water and Sewer Authority
- R-2018-3000834 - Suez Water Pennsylvania, Inc.
- R-2018-2647577 - Columbia Gas of Pennsylvania, Inc.
- R-2017-2595853 - Pennsylvania American Water Co.
- P-2016-2526627 - PPL Electric Utilities Corp. (DSP IV)
- R-2016-2529660 - Columbia Gas of Pennsylvania, Inc.
- R-2016-2554150 - City of DuBois - Bureau of Water
- R-2016-2580030 - UGI Penn Natural Gas, Inc.

**I&E Exhibit No. 1
Witness: D. C. Patel**

**Application of Aqua Pennsylvania, Inc. for Acquisition
of Water Distribution and Treatment System Assets of the Borough of Shenandoah
and Municipal Authority of the Borough of Shenandoah**

Docket No. A-2022-3034143

Exhibit to Accompany

the

Direct Testimony

of

D. C. Patel

Bureau of Investigation & Enforcement

**Concerning:
Summary of 66 Pa. C.S. § 1102 and 66 Pa. C.S. § 1329
Easements and Other Property Rights**

Respondent: Leo Pietkiewicz

Date: 01/13/2023

APPLICATION OF AQUA PENNSYLVANIA, INC.
DOCKET NO. A-2022-3034143
BUREAU OF INVESTIGATION AND ENFORCEMENT
SET I INTERROGATORIES

- I&E-I-14** Reference the Asset Purchase Agreement, Section 4.09 provisions regarding transfer of MABS's real estate including leases, easement rights, and access to public rights-of-way related to the water system. Provide the following:
- A. Indicate whether MABS has identified all real estate, including leases, easement rights, and access to public rights-of-way that must be transferred to Aqua to facilitate Aqua's operation of the MABS water system.
 - B. If MABS has identified all real estate, including leases, easement rights, and access to public rights-of-way that must be transferred to Aqua to facilitate Aqua's operation of the MABS water system, state whether it has the present ability to transfer them to Aqua. If not, explain why not.
 - C. If MABS has not identified all real estate, including leases, easement rights, and access to public rights-of-way that must be transferred to Aqua to facilitate Aqua's operation of the MABS's water system, explain why not and provide the anticipated date that identification will be complete.

RESPONSE

- A. No. MABS has identified all fee simple real estate. MABS is still in the process of identifying easements and right-of-ways. We believe our abstractor will have the search complete by the end of February 2023.
- B. MABS has the present ability to transfer the fee simple Real Estate to Aqua. As of yet there is no indication of any problematic easements, further information will be available upon the completion of the search.
- C. Please see the response to part A and I&E-I-15 part A.

Respondent: Leo Pietkiewicz

Date: 01/13/2023

APPLICATION OF AQUA PENNSYLVANIA, INC.
DOCKET NO. A-2022-3034143
BUREAU OF INVESTIGATION AND ENFORCEMENT
SET I INTERROGATORIES

- I&E-I-15** Reference the Asset Purchase Agreement, Section 4.09 provisions regarding transfer of MABS's real estate including leases, easement rights, and access to public rights-of-way related to the water system. Provide the following:
- A. Name of abstractor, date when abstractor commenced title search assignment, and the expected date when the final abstractor's report will be available; listing all identified and missing real estate, leases, easement rights, and access to public rights-of-way that must be transferred to Aqua to facilitate Aqua's operation of MABS water system.
 - B. State whether MABS expects to transfer all missing easements, leases, and right of way to Aqua before the closing date.
 - C. If the answer to Part B above is no, explain how Aqua and MABS will handle the transfer of missing easements, leases, and right of way after the closing date.

RESPONSE

- A. The abstractor is Assured Realty Transfer, located at 139 West Lake Drive, Pine Grove, PA 17963. The principle's name is Robert Pugh. Mr. Pugh commenced an initial title search in the summer of 2021. This search identified all properties and land owned by MABS or its predecessors. The search did not identify any easements or rights of way because at that time, MABS did not provide the mapping necessary to identify the location of transmission/distribution lines. MABS provided the mapping for the transmission/distribution lines in the summer of 2022. At that time, Mr. Pugh began the second phase of his search to identify all of the easements, right of ways, etc. for the system, and this search is ongoing.
- B. Yes. MABS expects to transfer all missing easements, leases, and right of ways necessary and essential for the operation of the water system to Aqua at the time of Closing.
- C. N/A

I&E Statement No. 2
Witness: Esyan A. Sakaya

**Application of Aqua Pennsylvania Water, Inc. Pursuant to Sections 507, 1102, and
1329 of the Public Utility Code for its Acquisition of the Water System Assets of
Municipal Authority of the Borough of Shenandoah**

Docket No. A-2022-3034143

Direct Testimony

of

Esyan A. Sakaya

Bureau of Investigation and Enforcement

Concerning:

**Public Benefit Concerns
Cost of Service Study
Miscellaneous Revenue**

TABLE OF CONTENTS

INTRODUCTION 1

DESCRIPTION OF THE SYSTEM..... 4

ALLEGED PUBLIC BENEFITS..... 5

COST OF SERVICE STUDY 7

MISCELLANEOUS REVENUE 10

OVERALL RECOMMENDATION..... 12

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Eryan A. Sakaya. My business address is 400 North Street, Harrisburg,
4 Pennsylvania 17120.

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission (“Commission”) in
8 the Bureau of Investigation and Enforcement (“I&E”) as a Fixed Utility Valuation
9 Engineer.

10
11 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?**

12 A. Appendix A, which is attached to my testimony, describes my educational
13 background and professional experience.

14
15 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN THIS PROCEEDING.**

16 A. I&E is responsible for protecting the public interest in proceedings before the
17 Commission. The I&E analysis in the proceeding is based on its responsibility to
18 represent the public interest. This responsibility requires balancing the interests of the
19 ratepayers, the company, and the regulated community.

20
21 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?**

22 A. An outline of my education and employment experience is attached as Appendix A.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my direct testimony is to address regulatory issues relating to the
3 Application (“Application” or “Transaction”) of Aqua Pennsylvania, Inc. (“Aqua” or
4 “Company”) for approval of its acquisition of the water system assets of the
5 Municipal Authority of the Borough of Shenandoah (“MABS” or “Shenandoah”).

6
7 **Q. DOES YOUR DIRECT TESTIMONY INCLUDE AN EXHIBIT?**

8 A. No.

9
10 **Q. WHAT IS AQUA REQUESTING IN THIS APPLICATION?**

11 A. Under 66 Pa. C.S. § 1102 (“Section 1102”), Aqua is requesting approval to acquire
12 the Municipal Authority of the Borough of Shenandoah’s water distribution system
13 and for the right to begin providing water service in the areas currently served by
14 MABS. Additionally, under 66 Pa. C.S § 1329 (“Section 1329”), Aqua is seeking to
15 utilize the purchase price of \$12,000,000 for the ratemaking rate base of MABS assets
16 (Aqua St. No. 1, p. 17 and Aqua St. No. 1, Appendix A, p. 1).

17
18 **Q. WHY DOES AQUA NEED APPROVAL OF THE ACQUISITION UNDER**
19 **SECTION 1102?**

20 A. Section 1102 requires the Commission to issue a Certificate of Public Convenience
21 prior to the Company acquiring the water assets of MABS and providing water
22 service in MABS’s service territory. The Commission will only grant a Certificate of
23 Public Convenience if it determines that such a certificate is "necessary or proper for

1 the service, accommodation, convenience or safety of the public.” (66 Pa. C.S. §
2 1103(a)). Further, “the Commission, in granting such certificate, may impose such
3 conditions as it may deem to be just and reasonable.” (66 Pa. C.S. § 1103(a)).
4

5 **Q. WHAT DOES 66 Pa. C.S. § 1329 ALLOW?**

6 A. Section 1329 allows investor-owned water and wastewater utilities to use the fair
7 market valuation in the acquisition of water and wastewater systems that are owned
8 by a municipal corporation or authority. Using the Section 1329 framework enables
9 the investor-owned utility to establish the ratemaking rate base of the acquired
10 property in the same proceeding that it seeks to acquire the property.
11

12 **Q. WHAT DOES THE FAIR MARKET VALUE APPROACH REQUIRE?**

13 A. The fair market valuation approach dictates that once the buyer and the seller agree to
14 its use, they must engage the services of a licensed engineer to conduct an assessment
15 of the tangible assets of the seller. The licensed engineer assessment is then presented
16 to two utility valuation experts (“UVE”), one to represent the buyer and one to
17 represent the seller, to conduct independent analyses based on the Uniform Standards
18 of Professional Appraisal Practice, employing the cost, market and income
19 approaches. The results of the UVEs’ analyses are then incorporated into the
20 application submitted to the Commission for approval under Section 1102 of the
21 Code.¹ For ratemaking purposes, the valuation will be the lesser of the fair market

¹ http://www.puc.pa.gov/filing_resources/issues_laws_regulations/section1329_applications.aspx

1 value or the negotiated purchase price. Finally, Section 1329 allows the acquiring
2 public utility's post-acquisition improvement costs not recovered through a
3 distribution system improvement charge to be deferred for book and ratemaking
4 purposes.

5
6 **Q. WHAT ISSUES WILL YOU ADDRESS IN YOUR DIRECT TESTIMONY?**

7 A. My direct testimony will address issues with the alleged public benefits in the
8 acquisition of this water system related to unaccounted-for water, lead service lines,
9 service meter replacements, and the necessity of requiring Aqua to undertake a separate
10 Cost of Service Study for the MABS system in its next base rate case.

11
12 **Q. WHAT IS I&E'S OVERALL RECOMMENDATION REGARDING THE**
13 **ACQUISITION?**

14 A. The Application should be approved conditioned on the recommendations I discuss
15 below.

16
17 **DESCRIPTION OF THE SYSTEM**

18 **Q. PLEASE DESCRIBE THE MUNICIPAL AUTHORITY OF THE BOROUGH**
19 **OF SHENANDOAH SYSTEM.**

20 A. MABS currently provides water service to approximately 2,900 customers in the
21 Borough of Shenandoah and surrounding municipalities (West Mahanoy Township,
22 Mahanoy Township, Butler Township, and Girardville Borough) located in Schuylkill
23 County, PA (Aqua St. No. 5, p. 4). Shenandoah's water operation is comprised of a

1 water treatment plant, four public water supply reservoirs, four storage tanks, four
2 booster stations, two pressure reducing stations, and approximately 48 miles of water
3 mains (Aqua Ex. No. R, p. 3). Water is supplied by Authority-owned reservoirs using a
4 system of filtered surface water sources located in communities surrounding the
5 Borough (Aqua St. No. 5, p. 5).

6
7 **Q WHY IS SHENANDOAH SELLING ITS SYSTEM?**

8 A. Shenandoah has had difficulties paying its debts and maintaining the operation of its
9 water system. MABS could not make payments on its loan with PennVest and had to
10 obtain multiple deferrals for loan repayment. In addition, MABS has had to restructure
11 its debt, which has made capital improvements more expensive. MABS is looking to
12 sell the water system so that Aqua can use its financial position and experience in
13 making the capital improvements necessary in providing safe and reliable water to the
14 customers in the MABS service area (Aqua St. No. 5, pp. 10-11).

15
16 **ALLEGED PUBLIC BENEFITS**

17 **Q. WHAT PUBLIC BENEFITS DOES AQUA CLAIM WILL RESULT IF THE**
18 **PROPOSED ACQUISITION IS APPROVED?**

19 A. In Aqua Exhibit U2, Statement No. 1, pages 13-14, Witness William C. Packer claims
20 the affirmative public benefits as follows:

- 21 1. MABS customers will become part of a larger scale efficiently
22 operated, water utility;

- 1 2. Aqua is familiar with the MABS service areas, as Aqua currently
- 2 provides water service to nearby customers in the Girardville, Mt.
- 3 Carmel, and Shamokin systems;
- 4 3. Aqua is planning for an interconnection between the MABS System
- 5 and the Shamokin (Roaring Fork) system for redundancy and
- 6 emergency supply;
- 7 4. Aqua will provide economies of scale in MABS service areas;
- 8 5. Aqua's will provide experience as a large scale company;
- 9 6. Aqua projects less operating and maintenance costs under its ownership
- 10 of the MABS system;
- 11 7. Aqua will provide cost efficiency in combining operations.

12

13 **Q. DO YOU AGREE WITH MR. PACKER THAT AQUA CAN ACHIEVE ALL**

14 **OF THE ABOVE-MENTIONED PUBLIC BENEFITS?**

15 A. No, not all of them. Specifically, I disagree with Aqua projecting less operating and

16 maintenance expenses under its ownership of the MABS system.

17

18 **Q. WHY DO YOU DISAGREE WITH AQUA’S PROJECTIONS REGARDING**

19 **DECREASED OPERATING AND MAINTENANCE COSTS?**

20 A. While Aqua projects lower operating and maintenance costs, it should be noted that

21 this is only a projection, and it is only one part of the picture of the total revenue

22 requirements that are established in the cost of service study for an individual system.

23 While Aqua probably can acquire materials at lower cost than MABS simply due to

1 its volume buying power, such reductions usually involve plant that also brings the
2 added expense of taxes, depreciation, and the return on equity for shareholders that do
3 not exist under municipal ownership. For example, to lower the operating cost of lost
4 and unaccounted for water, utilities typically invest in or upgrade plant such as mains,
5 meters, hydrants and services. In fact, Aqua's projection of lower system
6 maintenance costs are almost surely directly related to capital improvements to reduce
7 lost and unaccounted for water, reductions in line breaks, and improved metering. All
8 of those improvements come at Aqua's greater cost of capital and with the addition of
9 depreciation expense.

10 It is not unreasonable to expect that Aqua's greater cost of capital and the
11 addition of depreciation expense and tax expense would quickly eliminate the
12 \$500,000 savings in operating and maintenance expenses highlighted by Aqua
13 Witness Packer (Aqua Statement No. 1, p. 13). In fact, at a 7% cost of capital and
14 assuming a 40-year service life, the revenue requirement related to just the rate base
15 addition of the purchase price valuation imposes an annual revenue requirement of
16 \$1,140,000 for return and depreciation, which clearly far eclipses the \$500,000 of
17 operating and maintenance expense savings that Aqua projects ($(\$12,000,000 \times .07) +$
18 $(\$12,000,000 \div 40)$).

20 **COST OF SERVICE STUDY**

21 **Q. WHAT IS YOUR COST OF SERVICE STUDY RECOMMENDATION?**

22 A. If the Commission approves the Application, I recommend that Aqua provide a
23 separate COSS for the Shenandoah system in its next rate case that separately

1 identifies the plant in service costs at the time the MABS system was purchased, the
2 cost of any plant retirements, and the cost of any plant investments.

3
4 **Q. WHY IS KNOWING THE COST TO SERVE THE MABS SYSTEM**
5 **IMPORTANT?**

6 A. In general, the primary goal of a COSS is to determine a utility's revenue requirement
7 to provide service to its different customer classes. In this case, a COSS for the
8 MABS water system is beneficial because it:

- 9 • Determines the cost to operate the MABS Water system separately;
- 10 • Calculates the costs of the utility's different services;
- 11 • Separates the costs between the utility's different customer classes and service
12 areas;
- 13 • Attributes costs to the utility's different customer classes and service areas;
14 and
- 15 • Determines how costs will be recovered from the utility's different customer
16 classes and service areas.

17 Moreover, a COSS can establish the existence and extent of subsidization (inter- and
18 intra-class) and assist in determining the appropriate amount of revenue requirement
19 to be shifted from MABS customers to other water customers, which Aqua has
20 utilized in past base rate cases. Therefore, without the COSS that includes segregated
21 water costs, the appropriate ratemaking recommendations for those costs cannot be
22 proposed or implemented. Additionally, and specifically for the present case, a

1 separate COSS will help to determine the proper allocation of any potential revenue
2 shortfall among Aqua's existing customers.

3
4 **Q. HAS THE COMMISSION PREVIOUSLY ADDRESSED THE IMPORTANCE**
5 **OF REQUIRING COST OF SERVICE STUDIES FOR ACQUIRED**
6 **SYSTEMS?**

7 A. Yes. The topic of a separate COSS for Section 1329 acquisitions was first broached
8 in Aqua's acquisition of New Garden at Docket No. A-2016-2580061, which was the
9 first proceeding before the Commission to employ the fair market valuation under
10 Section 1329. In that case, the Commission required Aqua to prepare a COSS for use
11 in its next base rate case to separate the costs, capital, and operating expenses of
12 providing water service to the newly acquired New Garden customers. The
13 Commission's Order approving Aqua's acquisition of the New Garden system, states
14 the following at pages 69-70:

15 Specifically, Aqua shall develop and file a cost-of-service study
16 in its next rate case pursuant to our regulations that separates
17 costs, capital, and operating expenses of providing Water service
18 to the New Garden customers as a stand-alone rate group.
19 Moreover, Aqua is directed to address the pros and cons of
20 designing New Garden rates as a separate rate group. As a result,
21 all parties and the Commission will be informed of the overall
22 rate impact on Aqua customers and, alternatively, the result of
23 establishing New Garden as a separate rate zone.

24 Additionally, as far as I am aware, the provision of separate COSS' has been
25 approved by the Commission in all Section 1329 proceedings to date. Specifically,
26 the three most recent Section 1329 proceedings culminated in settlement agreements
27 that were approved by the Commission and which adopted COSS' of acquired

1 systems as a condition of settlement. These three proceedings were Pennsylvania
2 American Water Company's ("PAWC") acquisition of the Royersford Borough
3 system,² PAWC's acquisition of the Water assets of Borough of Kane Authority,³ and
4 Aqua's acquisition of the Water system assets of Lower Makefield Township.⁴

5
6 **Q. HAS AQUA PREVIOUSLY PROVIDED SEPARATE COST OF SERVICE**
7 **STUDIES FOR SYSTEMS ACQUIRED THROUGH SECTION 1329**
8 **APPLICATIONS IN A BASE RATE CASE?**

9 A. Yes. In its most recent base rate case at Docket Nos. R-2021-3027385 and R-2021-
10 3027386, the Company included several separate COSS' for wastewater systems it
11 acquired through Section 1329 applications.

12
13 **MISCELLANEOUS REVENUE**

14 **Q. WHAT IS MISCELLANEOUS REVENUE?**

15 A. Miscellaneous revenue includes revenue received by a utility from sources other than
16 customer billed rates such as late payment charges, cellular service revenue, sale of
17 timber, sale of billing data, etc.

² Application of PAWC under Sections 507, 1102, and 1329 of the Public Utility Code for Approval of its Acquisition of Water system assets of Royersford Borough at Docket No. A-2020-3019634, p. 35 (Order entered May 7, 2021).

³ Application of PAWC under Sections 507, 1102, and 1329 of the Public Utility Code for Approval of its Acquisition of water treatment and distribution system assets of Borough of Kane Authority at Docket No. A-2020-3021460, p. 3 (Order entered June 18, 2020).

⁴ Application of Aqua under Sections 507, 1102, and 1329 of the Public Utility Code for Approval of its Acquisition of Water system assets of Lower Makefield Township at Docket No. A-2021-3024267, p. 23 (Order entered January 13, 2022).

1 **Q. DOES THIS APPLICATION INCLUDE A SPECIAL PROVISION FOR**
2 **CELLULAR SERVICE REVENUE?**

3 A. Yes. Exhibit B, Section 202(g)(4) of the Application states:

4 Certain Cell Tower Revenue: Revenues from the Cell Towers
5 (defined below) will be allocated between the Parties as follows:
6 (i) from the Closing Date to the fifth anniversary of the Closing
7 Date, the Municipality will retain all revenues from the Cell
8 Towers; (ii) from the fifth anniversary of the Closing Date to the
9 eleventh anniversary of the Closing Date, Municipality will
10 receive the first \$10,000 of revenue from the Cell Towers and
11 Buyer will retain the remaining revenue; and (iii) after the
12 eleventh anniversary of the Closing Date, Buyer will retain all
13 revenues from the Cell Towers. The term “Cell Towers” means
14 the cellular communications facility, including all improvements,
15 equipment, antenna and conduit as described in the Water Tower
16 Lease Agreement dated January 9, 2017, between Cellco
17 Partnership d/b/a Verizon Wireless and the Seller (the “Lease”);
18 provided that on and after the fifth anniversary of the Lease
19 extension date, occurring on or about January 8, 2027, the Lease
20 shall be assigned to the Buyer, without further action on the part
21 of the Seller, by virtue of the agreement to assign the Lease to the
22 Buyer beginning in 2027.
23

24 **Q. WHAT DO YOU RECOMMEND CONCERNING THIS PROVISION OF THE**
25 **AGREEMENT?**

26 A. I recommend that this provision be modified so that Aqua retains 100% of the Cell
27 Tower revenue from the date of the Acquisition. If Aqua chooses not to alter the
28 purchase agreement to retain this revenue, Aqua should be required to impute this
29 revenue in any future rate case claims as a reduction to the revenue requirement.

1 **Q. WHY DO YOU RECOMMEND THAT AQUA RETAIN OR IMPUTE 100%**
2 **OF THE CELL TOWER REVENUE FROM THE DATE OF ACQUISITION?**

3 A. There are two reasons. First, the cell tower revenue will be generated from cell
4 towers located on plant that will be owned by Aqua. Therefore, since revenue will be
5 generated from plant 100% owned by Aqua, it is reasonable that Aqua retain 100% of
6 the cell tower revenue from the date of the Acquisition. Second, this additional
7 revenue should accrue to the benefit of MABS customers as it is generated through
8 plant that those customers pay for in their rates. The offsetting cell tower revenue
9 helps to mitigate future rate increase requirements.

10

11 **OVERALL RECOMMENDATION**

12 **Q. WHAT IS I&E'S OVERALL RECOMMENDATION?**

13 A. As I explained above, I&E's overall recommendation is for the Commission to approve
14 Aqua's Application subject to the following conditions:

- 15 • Aqua should provide a separate cost of service study for the MABS system that
16 identifies the plant in service costs at the time MABS system was purchased,
17 the cost of any plant retirements, and the cost of any plant investment; and
- 18 • Aqua should reflect 100% of miscellaneous revenue including cell service
19 revenue in future base rate cases.

20

21 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

22 A. Yes. However, I reserve the right to supplement or revise my recommendations if
23 additional information is received that would alter my position in this direct testimony.

Esyan A. Sakaya
Professional and Educational Background

EDUCATION:

- National Association of Regulatory Utility Commissioners, Clearwater, FL
Utility Rate School; Utility Rate Making Basics, October 2019
- Society of Depreciation Professionals, Philadelphia, PA
Introduction to Depreciation; Depreciation Fundamentals, September 2019
- Temple University, Philadelphia, PA
Bachelor of Science; Major in Engineering Technology, 2015
- Community College of Philadelphia, Philadelphia, PA
Associate of Applied Science; Major in Construction Management Technology, 2011
- Island School of Building Arts, Gabriola Island, BC-Canada
Certificate Graduate: Heavy Timber Construction Aug 2002-Nov 2002
- Solar Energy International, Carbondale, CO
Certificate Graduate: Basic and Advanced Photovoltaic Design, April 2002-May 2002

EXPERIENCE:

12/2018-Present

Pennsylvania Public Utility Commission-Harrisburg, PA

Fixed Utility Valuation Engineer- Assist in engineering related studies related to valuation, depreciation, cost of service, quality of service as they apply to regulated utilities. Contribute in evaluating, contrasting and conducting performance analyses in distinctive sections of valuation engineering and rate structure involving valuation concepts, original cost, rate base, fixed capital costs, inventory processing, excess capacity, cost of service, and rate design. Provide expert testimony in rate related utility cases.

4/2018-12/2018

Pennsylvania Department of Transportation-Harrisburg, PA

Photogrammetry Technician I- Created three-dimensional mapping layouts of natural and man-made features from stereoscopic images on a computer workstation. Assisted in the field placement of ground based surveyed control-points prior to aerial photography acquisition. Provided field support in the use of laser scans for comprehensive digital surveying data. Operated global positioning satellite surveying equipment to obtain accurate geodetic coordinates of pre-established benchmarks.

8/2017-4/2018

Pennoni and Associates. Consulting Engineers-King of Prussia, PA

Construction Inspector-Provided quality assurance in the onsite material testing of concrete, soils, and asphalt. Read and interpreted construction drawings and specifications of materials and components. Completed daily reports regarding project progress to engineers, project managers/superintendents, contractors and clients.

TESTIMONY SUBMITTED:

I have assisted and/or submitted testimony in the following proceedings:

- | <u>NO.</u> | <u>Case</u> |
|-------------------|---|
| 1. | UGI Gas Utilities - Gas Division, Docket Number: R-2018-3006814 |
| 2. | Newtown Artesian Water Company, Docket Number: R-2018-3006904 |
| 3. | Pittsburgh Wastewater, Docket Number: M-2018-2640803 |
| 4. | PAWC Purchase of Steelton, Docket Number: A-2019-3006814 |
| 5. | Philadelphia Gas Works, Docket Number: R-2019-3009016 - 3007636 |
| 6. | Community Utilities Water, Docket Number: R-2019-3008947 |
| 7. | Aqua Purchase of Cheltenham, Docket Number: A-2019-3008491 |
| 8. | UGI NORTH, Docket Number: R-2019-3009647 |
| 9. | UGI CENTRAL, Docket Number: R-2019-3009647 |
| 10. | UGI SOUTH, Docket Number: R-2019-3009647 |
| 11. | Twin Lakes Utilities, Docket Number: R-2019-3010958 |
| 12. | Penn Power Company, Docket: P-2019-3012628 |
| 13. | UGI Gas Utilities, Docket Number: R-2019-3015162 |
| 14. | National Fuel and Gas Distribution, Docket Number: R-2020-3015251 |
| 15. | Columbia Gas of Pennsylvania, Docket: R-2020-3018993 -3018835 |
| 16. | Duquesne Light Company, Docket Number: P-2020-3019522 |
| 17. | PA American Water Company, Docket R-2020-3019369 – 310937 |
| 18. | Bethlehem Water Company, Docket R-2020-3020256 |
| 19. | Audubon Water Company, Docket: R-2020-3020919 |
| 20. | Twin Lakes Utilities, Docket: P-2020-3020914 |
| 21. | Pike County Light and Power-Gas, Docket: R-2020-3022134 |
| 22. | Pike County Light and Power-Electric, Docket: R-2020-3022135 |
| 23. | Duquesne Light Company, Docket Number: R-2021-3024750 |
| 24. | Community Utilities Water, Docket Number: R-2021-3025206 |
| 25. | Community Utilities Wastewater, Docket Number: R-2021-3025206 |
| 26. | Hanover Municipal Water Works, Docket Number: R-2021-3026116 |
| 27. | Aqua Pennsylvania, Inc, Docket R-2021-3027385 – 3027386 |
| 28. | Aqua Purchase of Willistown, Docket Number: A-2021-3027268 |
| 29. | National Fuel and Gas Distribution, Docket Number: R-2022-3030235 |
| 30. | UGI Gas Utilities, Docket Number: R-2021-3030218 |
| 31. | PECO Energy Company – Gas, Docket Number: R-2022-3031113 |
| 32. | Valley Energy, Inc, Gas, Docket: R-2022-3032300 |
| 33. | Citizens Electric Company, Docket: R-2022-3032369 |
| 34. | Leatherstocking Gas Company, LLC Docket: R-2022-303276 |
| 35. | National Fuel and Gas Distribution, Docket Number: R-2022-3035730 |

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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.

Docket No.: A-2022-3034143

VERIFICATION OF DC PATEL

I, **D. C. Patel**, on behalf of the Bureau of Investigation and Enforcement, hereby verify that **I&E Statement No. 1 and I&E Exhibit No. 1** were prepared by me or under my direct supervision and control.

Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same if called to the stand at any evidentiary hearing held in this matter.

This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

Signed in Harrisburg, Pennsylvania, this 27h day of March, 2023

/s/DCPatel

D. C. Patel

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania, Inc. :
 (“Aqua”) under Sections 1102 1329 of the :
 Pennsylvania Public Utility Code for (1) :
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 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 :
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 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.

Docket No.: A-2022-3034143

VERIFICATION OF ESYAN A. SAKAYA

I, **Esyan A. Sakaya**, on behalf of the Bureau of Investigation and Enforcement, hereby verify that **I&E Statement No. 2** was prepared by me or under my direct supervision and control.

Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same if called to the stand at any evidentiary hearing held in this matter.

This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

Signed in Harrisburg, Pennsylvania, this 24th day of March, 2023

/s/Esyau A. Sakaya

Esyau A. Sakaya