

April 8, 2024

Via E-File

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

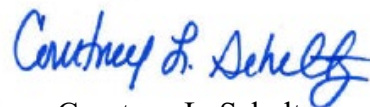
**Re: Aqua Pennsylvania Inc., as Receiver for Venango Water Company (“VWC”)
Section 529 Investigation of VWC
Section 529 Investigation of Rhodes Utilities
Docket Nos. M-2023-3042180, I-2023-3042312, and P-2024-3045205**

Dear Secretary Chiavetta:

On behalf of Aqua Pennsylvania, Inc. (“Aqua”), in connection with the above-referenced matters, enclosed is Aqua’s Third Status Report for VWC for filing. Please contact me if anything further is required.

Thank you for your attention to this matter.

Respectfully submitted,



Courtney L. Schultz

cc: All Parties per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Venango Water Company – Ex Parte	:	
Emergency Order Naming Aqua	:	M-2023-3042180
Pennsylvania, Inc. as Receiver	:	
	:	
Section 529 Investigation of Venango	:	I-2023-3042312
Water Company	:	
	:	
Section 529 Investigation of Sugarcreek Water	:	P-2024-3045205
Company, West Hickory Water Company,	:	
Plumer Water Company, Fryburg Water	:	
Company, Cooperstown Water Company and	:	
Blaine E. Rhodes Sewer Company	:	

CERTIFICATE OF SERVICE

I, Courtney L. Schultz, Esquire, hereby certify that I am on this day serving copies of Aqua’s Third Status Report for Venango Water Company, upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

The Honorable Mark A. Hoyer
Deputy Chief Administrative Law Judge
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mhoyer@pa.gov
mswarner@pa.gov

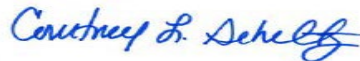
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Dated: April 8, 2024

By: _____
Courtney L. Schultz, Esquire
PA Bar No.: 306479



**THIRD STATUS REPORT TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

VENANGO WATER COMPANY
AQUA PENNSYLVANIA, INC., AS RECEIVER

DOCKET NO. M-2023-3042180

DOCKET NO. I-2023-3042312

DOCKET NO. P-2024-3045205

Dated: April 8, 2024

A. BACKGROUND

On August 11, 2023, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) issued an Ex Parte Emergency Order at Docket No. M-2023-3042180 (“Receivership Order”) naming Aqua Pennsylvania, Inc. (“Aqua” or the “Company”) as Receiver for the Venango Water Company (“VWC”).¹ The VWC system serves approximately 215 customers and is comprised of two spring sources (Bellows and Shaffer Springs), one storage tank, and approximately 7 miles of mains. The Receivership Order was ratified by the Commission through its Ratification Order entered on August 24, 2023.² Aqua was directed to assume its Receivership role on August 12, 2023. Included within the Commission’s Receivership Order, the Company was directed to “[s]ubmit an initial status report to the Commission within 60 days of assuming operations and then quarterly thereafter to detail any relevant updates pursuant to duties and responsibilities assigned through receivership.”³ Aqua submitted its Initial Status Report on October 11, 2023. Aqua submitted its Second Status Report on January 9, 2024

Aqua now submits its Third Status Report (“Status Report”) on the operations of VWC as directed by the Commission.

B. THIRD STATUS REPORT

1. Financial

The Receivership Order directed Aqua to establish the financial position of VWC at the time Aqua assumed its Receivership role.⁴ Aqua is working to establish the financial position of VWC as of the start of Aqua’s Receivership, however, Aqua does not have access to all financial records of VWC. VWC has previously submitted Class C Annual Reports to the Commission which includes financial and operational data, the most recent of which was submitted on June 30, 2023 and available on the Commission’s website.⁵ Aqua will continue to track expenses and capital improvements related to the VWC system through deferred accounting treatment via establishment of a regulatory asset in accordance with Aqua’s Receivership duties.⁶

Aqua and the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) have discussed funding opportunities for construction of a pipeline that would deliver finished water from the City of Franklin, Venango County, construction of a new water storage tank and other ancillary system components. PENNVEST provided options for this project including an Aqua loan, a Venango loan or a White Knight Program loan. PENNVEST indicated that a grant would not likely be offered due to the higher median income of Sugar Creek Borough. The White Knight program would afford an opportunity for low-interest loan, but Aqua would have to commit at least \$650,000 and Aqua would have to produce a letter of intent to own the VWC’s assets.

¹ In re: Venango Water Company, Docket No. M-2023-3042180, Ex Parte Emergency Order, Ordering Paragraph No. 4 (August 11, 2023) (hereinafter “Receivership Order”).

² Id., Order (August 24, 2023).

³ Id. Ordering Paragraph No. 4, Appendix A Paragraph 1.o.

⁴ Id. Ordering Paragraph 4, Appendix A Paragraph 1.r.

⁵ See <https://www.puc.pa.gov/pdocs/1791853.pdf>.

⁶ Receivership Order, Ordering Paragraph 4, Appendix A Paragraphs 1.s and 2.b.

Ownership of the VWC system will ultimately be determined by the Commission through this Venango 529 Proceeding.

2. Operations and Capital Expenditures

On August 12, 2023, Aqua began its Receivership duties for the VWC system. Since the Second Status Report, Aqua has completed the following improvements to the VWC system:

- i. Aqua located the transmission mains from both the Shaffer Spring and the Bellows Spring to the respective well stations. The location of the transmission lines was previously unknown.
- ii. Aqua has ceased hauling water during the winter months as the Shaffer Spring was able to supply enough water for customer consumption.
- iii. Electrical upgrades were made to the Shaffer Spring Station bringing the building up to electrical code, including installation of a new 200-amp service, 120/240-volt single phase overhead service, new receptacles, and lighting.
- iv. A portable generator with extended fuel tank was purchased for the Shaffer Spring disinfection system. This will allow chlorine disinfection in the event of a power outage.
- v. The soda ash chemical injection quill, feed lines, and chemical feeder were replaced when the existing chemical feed pump failed. A broken isolation valve in the Shaffer Spring treatment plant was replaced.

In November 2023, Aqua met with the City of Franklin's Council to discuss options concerning a bulk water agreement. The City Council indicated it would make a decision on availability of water and present its terms after January 1, 2024. Aqua is currently negotiating a water supply agreement with the City of Franklin; however, if terms cannot be reached Aqua will evaluate developing a new well in the Reno area.

Aqua is developing a recommended capital plan for the VWC system and will provide recommendations on capital improvements in a subsequent status report, which will be dependent on whether a new well or an interconnection with the City of Franklin is determined to be the source of supply for the VWC system going forward.⁷ Also in a future status report, along with the capital plan, Aqua will be providing a breakdown of costs incurred during the Receivership.

Aqua has not received any notices of violation since the last status report.

⁷ Id. Ordering Paragraph 4, Appendix A Paragraph 1.c.

3. Other Proceedings

Aqua was informed by the Rhodes family that they intended to cease providing operations service to the remaining systems owned by the Blaine Edwin Rhodes Estate (“Rhodes Utilities”) effective December 31, 2023.⁸ Aqua was subsequently informed that the Rhodes family intended to continue its current operations until a resolution can be reached. On January 3, 2024, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Petition requesting the Commission open a 529 proceeding regarding the Rhodes Utilities.⁹ On February 15, 2024, I&E filed a Petition to Consolidate the Venango 529 Proceeding with the Rhodes Utilities 529 Proceeding. On March 20, 2024, Administrative Law Judge (“ALJ”) Mark J. Hoyer issued the First Interim Order Amending Caption and Consolidating the Section 529 Investigations Of Venango Water Company, Sugar Creek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company, And Blane E. Rhodes Sewer Company, And Ordering Notice To Be Provided To All Customers Of These Utilities Of The Initiation Of A Section 529 Investigation Proceeding In The Same Manner As A Proposed General Rate Increase And Ordering These Utilities To Preserve Records.¹⁰ ALJ Hoyer’s First Interim Order consolidated the Venango 529 Proceeding and the Rhodes Utilities 529 Proceeding.

In accordance with the First Interim Order, Aqua provided notice of the Venango 529 Proceeding and the Rhodes Utilities 529 Proceeding in VWC customer bills that were sent on March 29, 2024, a copy of which is included in this Status Report as **Attachment A**.

C. CONCLUSION

Aqua will continue to investigate the VWC system’s operations and financial status and will make necessary improvements to operate the VWC system to ensure quality service to the VWC customers for the period of its Receivership duties during the 529 proceeding. Aqua will provide an update to this Status Report on or before July 8, 2024.

⁸ In addition to VWC, systems owned by the Blaine Edwin Rhodes Estate include Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company, and Blaine E. Rhodes Sewer Company.

⁹ See *Pa. Pub. Util. Comm’n v. The Blaine Edwin Rhodes Estate*, Docket No. P-2024-3045205 (Jan. 3, 2024) (hereinafter “Rhodes Utilities 529 Proceeding”).

¹⁰ Venango Water Company – Ex Parte Emergency Order Naming Aqua Pennsylvania, Inc. as Receiver; Section 529 Investigation of Venango Water Company; Section 529 Investigation of Sugarcreek Water company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company and Blaine E. Rhodes Sewer Company, Docket Nos. M-2023-3042180, I-2023-3042312, and P-2024-3045205 (March 20, 2024). (hereinafter “First Interim Order”).

ATTACHMENT A

NOTICE OF SECTION 529 PROCEEDINGS

To Venango Water Company Customers:

The Section 529 Proceedings

Venango Water Company (“VWC”) is your water service provider. By Ex Parte Emergency Order entered on August 11, 2023, the Pennsylvania Public Utility Commission (“PUC”) named Aqua Pennsylvania, Inc. (“Aqua”) as Receiver for the VWC system during the pendency of the investigation instituted under Section 529 of the Public Utility Code, 66 Pa. C.S. § 529 (“VWC 529 Proceeding”). The Docket Numbers for the VWC Proceeding are M-2023-3042180 and I-2023-3042312. Aqua has been operating the VWC system as Receiver since August 12, 2023. Through the VWC 529 Proceeding the PUC will determine whether a capable public utility should acquire VWC.

In addition to the VWC 529 Proceeding, a second Section 529 proceeding has been opened regarding six other utilities under common ownership with VWC – Section 529 Investigation of Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company and Blaine E. Rhodes Sewer Company (“Rhodes Estate 529 Proceeding”). The Docket Number for the Rhodes Estate 529 Proceeding is P-2024-3045205. The Rhodes Estate 529 Proceeding has been consolidated with the VWC 529 Proceeding (together, referred to as the “Section 529 Proceedings”).

Notice of the Section 529 Proceedings and Opportunity to Participate

As a customer of VWC, you are entitled to receive Notice of the Section 529 Proceedings and an opportunity to participate in them.

Actions You Can Take

You are not required to participate in the Section 529 Proceedings. The burden to prosecute the Section 529 Proceedings is with the PUC’s Bureau of Investigation and Enforcement. Should you wish to participate, there are three ways to do so:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to a capable public utility acquiring the subject system(s). This information can be helpful when the PUC investigates the issues. Send your letter, referencing the Docket Numbers M-2023-3042180, I-2023-3042312, and P-2024-3045205, to the Secretary’s Bureau, Pennsylvania Public Utility Commission, Commonwealth Keystone Building, 400 North Street, 2nd Floor, Room-N201, Harrisburg, PA 17120. You can also contact the Pennsylvania Office of Consumer Advocate (“OCA”) with questions, concerns and comments. The OCA is an active party representing the interests of residential customers. The telephone number for the OCA is 717-783-5048 or toll-free 800-684-6560.

2. You can file a formal Petition to Intervene asking the PUC to allow you to be a party – the petition must state who you are, why you want to be a party, and what your specific concerns are. Petitions should include the Docket Numbers M-2023-3042180, I-2023-3042312, and P-2024-3045205, and be sent to the Secretary’s Bureau, Pennsylvania Public Utility Commission, Commonwealth Keystone Building, 400 North Street, 2nd Floor, Room-N201, Harrisburg, PA 17120.

3. You can attend or be a witness at a public input hearing, if one is held, where you will have the opportunity to present your views to the Administrative Law Judge and the parties. All testimony given “under oath” becomes part of the official case record. If no public input hearings are held, you still have the right to attend any hearings that are held in the case but will not be permitted to testify unless you have requested and been granted permission to intervene or are called by a party as a witness.

AQUA PENNSYLVANIA, INC., AS RECEIVER FOR
VENANGO WATER COMPANY

Dated: March 29, 2024