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September 14, 2026

VIA E-FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Application of Aqua Pennsylvania Wastewater, Inc. pursuant to Sections 507, 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of the Delaware County Regional Water Quality Control Authority, Docket No. A-2019-3015173

Dear Secretary Homsher:

Aqua Pennsylvania Wastewater, Inc. (“Aqua”) files and serves this Twelfth Status Report in connection with the above-captioned proceeding, as directed by the Presiding Officer, Administrative Law Judge F. Joseph Brady, in his Interim Order Granting Joint Motion for Stay (“Order Granting Stay”) dated February 6, 2023. The Order Granting Stay was based on the City of Chester’s request in its bankruptcy proceeding at Case No. 22-13032 for a stay of Aqua’s Application proceeding at Docket A-2019-3015173, and DELCORA’s Complaint for Declaratory Judgment against Aqua and Delaware County before the Delaware Court of Common Pleas at Docket No. CV-2023-000494. Accordingly, Aqua reports on the status of these proceedings.

In re: City of Chester, Pennsylvania, Debtor, Case No. 22-13032

Consistent with Bankruptcy Judge Ashely M. Chan’s Order of March 7, 2023, Aqua participated in the sixty (60) day period of discussions on the City of Chester’s (“City”) claimed reversionary interests in certain assets constituting a small portion of the DELCORA wastewater system. Judge Chan conducted a hearing on May 15, 2023, at which time the City of Chester, Aqua and DELCORA reported to the Court on the status of the Parties’ efforts toward identifying and reaching an agreement regarding identification of any assets subject to the claimed reversionary interest. At the hearing, Aqua identified assets it believed may be subject to the reversionary interest. Aqua also committed to recognize a Reversionary Interest with respect to any assets that are ultimately identified as subject to that interest. On May 23, 2023, the

Bankruptcy Court issued an order staying Aqua's DELCORA Application before the Pennsylvania Public Utility Commission ("PUC"). Aqua subsequently appealed that order to the United States District Court for the Eastern District of Pennsylvania. On April 16, 2026, the District Court issued an order affirming the Bankruptcy Court's May 23, 2023 order. The District Court concluded that the Bankruptcy Court correctly enforced the automatic stay against Aqua's continued prosecution of the PUC Proceedings. On April 24, 2026, Aqua filed a notice of appeal to the United States Court of Appeals for the Third Circuit. A briefing schedule has not yet been issued.

In a related matter, on February 6, 2026, the City commenced an Adversary Proceeding in the E.D. Pa. Bankruptcy Court, Case No. 26-00110-amc, against DELCORA and Aqua, seeking, *inter alia*: (a) a declaratory judgment that the assets included in the Reversionary Provision are all assets of DELCORA necessary for the City to operate a sewer system within the City (excluding only the Treatment Plant and certain other specifically described facilities in the collection system); (b) an injunction prohibiting DELCORA from transferring the assets subject to the Reversionary Provision to Aqua; (c) a declaratory judgment against DELCORA and Aqua that the assignment of the 1973 Agreement under the Asset Purchase Agreement between Aqua and DELCORA ("APA") would violate the Anti-Assignment Provision of the 1973 Agreement; (d) an injunction prohibiting DELCORA from assigning the 1973 Agreement to Aqua without the City's consent; (e) a declaratory judgment that the failure of the APA to provide for the payment of a revenue stream violates an easement owned by DELCORA; (f) an injunction prohibiting DELCORA from assigning the easement to Aqua; (g) a declaratory judgment against DELCORA that DELCORA has anticipatorily breached the 1973 Agreement; and (h) an injunction prohibiting DELCORA from consummating the transactions contemplated by the APA. On April 17, 2026, Aqua filed an Amended Answer, Affirmative Defenses and a Counterclaim against the City. In the Amended Answer, Aqua opposed all of the City's requested relief. In the Counterclaim, Aqua sought, *inter alia*: (a) a declaratory judgment that the consummation of the sale to a private utility such as Aqua under the APA does not violate the prohibitory conditions subsequent to which the Reversionary Provision is subject and therefore the sale is permissible; (b) a declaratory judgement that the assets included in the Reversionary Provision are assets that were owned by the City prior to the 1973 Agreement, that were conveyed to DELCORA pursuant to the 1973 Agreement, that remain in existence on the date that the conditions of the Reversionary Provision are satisfied, and were not excluded by the terms of the 1973 Agreement; (c) a declaratory judgment that the Gannett Fleming Report produced by Aqua in 2023 identified the assets subject to the Reversionary Provision; (d) a declaratory judgment that the easement amended the 1973 Agreement to permit assignment of the assets subject to the Reversionary Provision; and (e) a declaratory judgment that the provisions of the APA effectuating an assignment of the easement by DELCORA to Aqua are valid and enforceable. On May 1, 2026, the City filed a Motion to Dismiss Aqua's Counterclaim, arguing that Aqua's Counterclaim should be dismissed as a matter of law. On May 22, 2026, Aqua responded to the City's Motion, arguing why Aqua's Counterclaim was legally sufficient. On June 4, 2026, the City filed a Reply in further support of its Motion to Dismiss.

On August 12, 2026, the Bankruptcy Court issued an Order granting in part and denying in part the City's Motion to Dismiss Aqua's Counterclaim. The Court dismissed with prejudice Aqua's Counterclaim I, holding that the Reversionary Provision is triggered by DELCORA ceasing to operate the sewer system and is not limited to circumstances in which the system would be transferred to a governmental entity, thereby rejecting Aqua's argument that the proposed sale to Aqua as a private utility would not violate the Reversionary Provision. The Court also dismissed

with prejudice Aqua's Counterclaim III, holding that the easement did not amend the 1973 Agreement to permit assignment of the 1973 Agreement to Aqua and rejecting Aqua's argument that the easement's provisions concerning successors and assigns eliminated the Anti-Assignment Provision. The Court denied the City's Motion as to Aqua's Counterclaim II, finding that Aqua had sufficiently alleged that the Reversionary Provision applies only to assets that were owned by the City prior to the 1973 Agreement, conveyed to DELCORA pursuant to the 1973 Agreement, remain in existence when the conditions to reversion are satisfied, and were not otherwise excluded by the 1973 Agreement. The Court also denied the City's Motion as to Aqua's Counterclaim IV, declining to dismiss Aqua's claim concerning the City's entitlement to the revenue stream under the easement based on the "mirror image rule" and allowing that claim to proceed.

As a result of the Bankruptcy Court's August 12, 2026 Order, the claims remaining before the Court for disposition include: (a) the City's claims concerning the scope and application of the Reversionary Provision, including the assets subject to reversion; (b) the City's claim that DELCORA's assignment of the 1973 Agreement to Aqua violates the Anti-Assignment Provision; (c) the City's claim concerning the payment of the revenue stream required under the easement in connection with any assignment to Aqua; (d) the City's claim that DELCORA has anticipatorily breached the 1973 Agreement; (e) the City's requested injunctive relief prohibiting the transfer or assignment of assets, the 1973 Agreement, or the easement to Aqua and consummation of the transactions contemplated by the APA; and (f) Aqua's surviving Counterclaims II and IV concerning the scope of the assets subject to the Reversionary Provision and the City's entitlement to the revenue stream under the easement. The parties have served one another with interrogatories, requests for production of documents, and requests for admissions, and discovery is ongoing. There has been no trial date set.

On August 26, 2024, the Receiver of the City filed with the U.S. Bankruptcy Court a Plan of Adjustment which indicated his intent to proceed with a process to monetize water assets, which included assets owned by the Chester Water Authority, the Stormwater Authority of the City of Chester, and the City's reversionary interests in certain of the sewer assets of DELCORA. On November 20, 2024, a Request for Qualifications ("RFQ") was issued by the City's Receiver for interested parties to submit a response to the RFQ by January 15, 2025. A Request for Proposals ("RFP") was issued on May 2, 2025. On December 12, 2025, the Receiver extended the time to respond to the RFP to April 3, 2026.

However, by decision entered on January 21, 2026, the Pennsylvania Supreme Court reversed the prior September 16, 2021 decision of the Commonwealth Court of Pennsylvania, which had held that the City of Chester had the unilateral power to take back the assets/projects of the Chester Water Authority. The Supreme Court held, to the contrary, that the power to take back those assets/projects is instead within the power of the nine-member Chester Water Authority Board, on which the City of Chester, Chester County, and Delaware County have equal representation. Thus, without the cooperation of a majority of the Chester Water Authority Board, the Receiver of the City cannot proceed with a process to monetize the assets of the Chester Water Authority. Following the Supreme Court's decision, the Receiver for the City suspended the RFP.

The City's claimed reversionary interest in certain of the sewer assets of DELCORA is not affected by the Supreme Court's January 21 Decision, and the Bankruptcy Court's order staying Aqua's DELCORA Application before the PUC remains in effect for this reason as well.

DELCORA Complaint for Declaratory Judgment against Aqua and Delaware County before the Delaware Court of Common Pleas, Docket No. CV-2023-000494

In this proceeding, Aqua filed preliminary objections to DELCORA's Complaint. Delaware County filed an Answer to DELCORA's Complaint. The Court scheduled a hearing on Aqua's preliminary objections for October 12, 2023. However, prior to the scheduled hearing, the Delaware County Court notified the parties that the hearing was canceled and that the preliminary objections would be re-listed after the parties receive the benefit of a Commonwealth Court's decision on Delaware County's appeal of the Delaware County Court's September 13, 2022, Remand Order.

On June 4, 2024, the Commonwealth Court issued its Opinion in Delaware County's appeal from the September 13, 2022 Remand Order, affirming the Remand Order to the extent it granted Delaware County mandamus relief, dismissing Delaware County's Trust-related claims as moot, and acknowledging DELCORA's ability under the Municipal Authorities Act to execute the Asset Purchase Agreement with Aqua. None of the parties pursued an appeal to the Supreme Court of Pennsylvania, and as a result the June 4, 2024, Commonwealth Court Order is final.

On December 3, 2024, the Delaware County Court of Common Pleas issued an order that sustained Aqua's preliminary objections and dismissed DELCORA's complaint. In dismissing DELCORA's complaint, Judge Dozor's Opinion stated that "... this Court finds that there is no uncertainty, case or controversy as a matter of law, and therefore declaratory relief is unnecessary and inappropriate." Judge Dozor also stated that "as a result of prior decisions of this Court and the Commonwealth Court, the issues that Delcora asked this Court to decide have already been fully litigated and decided, no uncertainty remains, and those issues cannot be relitigated in this case", and that "[i]t is important to note, that this Court has always confirmed the authority of the Pennsylvania Public Utility Commissions scope of the review, authority and approval."

Because more than thirty days have elapsed since the December 3, 2024 Order without DELCORA seeking to amend its Complaint or filing an appeal challenging the dismissal of its Complaint, the December 3, 2024 Order has become final and unappealable.

Copies of this Status Report have been served on Parties to this proceeding, as indicated in the attached Certificate of Service.

Very truly yours,



John F. Povilaitis

JFP/psm

cc: The Honorable F. Joseph Brady (via email only)
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania Wastewater, :
Inc. pursuant to Sections 507, 110 and 1329 of :
the Public Utility Code for Approval of its : Docket No. A-2019-3015173
Acquisition of the Wastewater System Assets :
of the Delaware County Regional Water Quality :
Control Authority :

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing document upon the persons
listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54.

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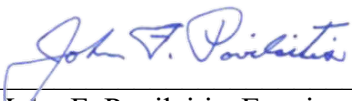
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Dated: September 14, 2026



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