

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG PENNSYLVANIA 17120**

Joint Application of Aqua America, Inc. and Peoples Natural Gas Co. for All of the Authority and Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC by way of the Purchase of all of LDC Funding LLC's Membership interest by Aqua America, Inc.;

**Public Meeting held January 16, 2020
3006061-OSA
Docket Numbers A-2018-3006061,
A-2018-3006062, A-2018-3006063**

Joint Application of Aqua America Inc., Aqua Pennsylvania Inc., Aqua Pennsylvania Wastewater Inc., and Peoples Natural Gas Company LLC Equitable Division for All of the Authority and Necessary Certificates of Public Convenience to approve a change in control of Peoples Natural Gas Company LLC Equitable Division by way of the Purchase of all of LDC Funding LLC's Membership Interests by Aqua America Inc.;

Joint Application of Aqua America Inc., Aqua Pennsylvania Inc., Aqua Pennsylvania Wastewater Inc., and Peoples Gas Company LLC for All of the Authority and Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding LLC's Membership Interest by Aqua America Inc.

MOTION OF VICE CHAIRMAN DAVID W. SWEET

Before the Commission are the Joint Applications of Aqua America Inc., its subsidiaries, and the Peoples Natural Gas companies seeking approval for Aqua America Inc. to purchase all of the issued and outstanding membership interests in LDC Funding, which owns the PNG Companies, LLC, which in turn owns the Peoples Natural Gas Company, Peoples (formerly TWP) and the Equitable Division. Along with the certificated companies are a number of non-jurisdictional entities which will also transfer to Aqua America.

This transaction has received a thorough vetting in a contentious proceeding before this Commission, and the result is a non-unanimous settlement of all issues. Notwithstanding the very real concerns expressed by the Office of Small Business Advocate and the Commission's Bureau of Investigation and Enforcement, and after a conscientious review of their positions, I believe that the public interest is best served by approving the Joint Petition for Non-Unanimous Settlement, with just a few modifications. The Commission appreciates the scrutiny to which this transaction has been subjected as it results in a complete record of all issues. In addition to the buyer and seller, the non-

unanimous settlement was joined by the Office of Consumer Advocate, CAUSE-PA, Direct Energy, the NGS Parties, PIOGA, UWUA Local 612 and Laborer's District Council.

Regarding the costs for the Goodwin and Tombaugh Gathering System upgrade, the Joint Petition states in Paragraph 33 that this recovery is approved by the signatories for up to \$120 million in a base rate case and not through Peoples' Distribution System Improvement Charge (DSIC). As a modification here, I move that the Commission interpret this section to mean that the \$120 million for rehabilitation of the bare steel in the system is *eligible* for full recovery subject to Commission scrutiny and approval in a subsequent base rate proceeding and is not guaranteed capital recovery. In addition, the timing of the rate credit of \$13 million must be adjusted to recognize that the deadline set therein has passed and a new deadline must be established.

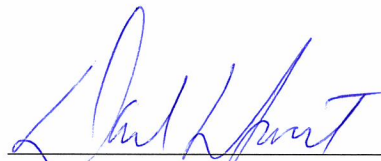
As these two factors are a modification of the Joint Petition for Non-Unanimous Settlement, they should be noted in the Ordering Paragraphs of the Commission's Opinion and Order along with acknowledging an opportunity for the parties to withdraw from the Settlement Agreement if these changes are not acceptable to any party.

THEREFORE, I MOVE:

1. That the Exceptions filed by the Office of Small Business Advocate and the Bureau of Investigation and Enforcement are denied consistent with this Motion.
2. That the Recommended Decision of Administrative Law Judge Mary D. Long approving the Non-unanimous Settlement Petition is adopted as modified by the changes listed below.
3. That Paragraph 41 of the Settlement Agreement is modified to accommodate the fact that the date stated therein has already passed by setting a new reasonable date.
4. That Paragraph 33 is interpreted to mean that \$120 million for rehabilitation of the bare steel in the Goodwin and Tombaugh Gathering Systems is eligible for full recovery subject to the scrutiny and Commission approval of a base rate case and is not a guaranteed sum.
5. That Any party wishing to withdraw from the Settlement Agreement shall file with the Secretary of the Commission and serve on all parties to this proceeding an election to withdraw within five business days from the date of the Commission's Opinion and Order. If such an election to withdraw is filed, the Settlement Agreement shall be void and of no effect under its own terms in Paragraph 129, and this matter shall be returned to the Commission's Office of Administrative Law Judge for further action as deemed to be appropriate.
6. That the Office of Special Assistants prepare an appropriate Opinion and Order consistent with this Motion which also directs the specific actions agreed to in the Non-Unanimous Settlement.

January 16, 2020

DATE



DAVID W. SWEET
VICE CHAIRMAN