

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 22, 2018

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JOINT PETITION OF

AQUA VIRGINIA, INC.,
GREAT BAY UTILITIES, INC.,
KEVIN L. GOULDMAN,
and
NORTHERN NECK WATER, INC.

CASE NO. PUR-2018-00108

For approval of a transfer of utility assets

ORDER FOR NOTICE AND COMMENT

On July 12, 2018, Aqua Virginia, Inc. ("Aqua Virginia"), Great Bay Utilities, Inc. ("Great Bay"), Kevin L. Gouldman ("Gouldman"), and Northern Neck Water, Inc. ("NN Water") (collectively, "Joint Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition ("Joint Petition") seeking authority for Aqua Virginia and Great Bay to acquire and NN Water to dispose of certain waterworks utility assets ("Assets") used to provide water service to customers in Northumberland County, Lancaster County, and Westmoreland County, Virginia (collectively, the "Systems").¹ Aqua Virginia and Great Bay also propose to acquire thirteen systems currently operated by Gouldman, the President of NN Water, that are not currently regulated by the Commission.² Joint Petitioners request approval of the acquisition and disposition of the Assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"), the Utility Transfers Act. Pursuant to Code § 56-265.3 D, Joint Petitioners also seek approval to

¹ The Joint Petitioners filed certain statutorily required signed verifications on July 26, 2018, completing the Joint Petition.

² Joint Petition at 1-2.

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transfer NN Water's certificate of public convenience and necessity to Great Bay, along with any further or other authority necessary to serve the customers of the Systems.

According to the Joint Petitioners, Gouldman and NN Water desire to retire from the utility business.³ As a result of the proposed transfer, the Systems will be owned and operated by Great Bay, a wholly owned subsidiary of Aqua Virginia which, in turn, is wholly owned by Aqua America, Inc. ("Aqua America"). The Joint Petitioners state that, as one of the largest United States-based, publicly-traded water and wastewater holding companies in the nation, Aqua America has the expertise and the resources necessary to successfully operate the Systems. Joint Petitioners further state that the proposed transaction will result in benefits to the customers of NN Water that cannot be obtained by operating the Systems as a stand-alone company.⁴

Joint Petitioners propose no changes to the Systems' water rates or connection fees. Four of the systems are currently metered, with the remainder billed on a flat rate basis. NN Water bills metered customers bi-monthly. Great Bay proposes to begin billing such customers on a monthly basis.⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Joint Petitioners should provide public notice of their Joint Petition; interested persons should have an opportunity to file comments on the Joint Petition and request a hearing; and the Commission's Staff ("Staff") should be directed to investigate the Joint Petition and file a report containing the Staff's findings and recommendations ("Staff Report").

³ *Id.* at 4.

⁴ *Id.* at 5.

⁵ *Id.* at 9-10.

We also find that a Hearing Examiner should be assigned to rule on any discovery matters that arise during the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2018-00108.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁶ a Hearing Examiner is appointed to rule on any discovery matter that may arise during the course of this proceeding.

(3) Copies of the Joint Petition and the Commission's Order for Notice and Comment may be obtained by submitting a written request to counsel for the Joint Petitioners, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Joint Petitioners may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(4) On or before October 3, 2018, the Joint Petitioners shall mail by first class mail, postage prepaid (bill inserts are acceptable) the following notice to all customers in NN Water's service territory:

⁶ 5 VAC 5-20-10 *et seq.*

NOTICE TO THE PUBLIC OF A JOINT PETITION BY:
 AQUA VIRGINIA, INC., GREAT BAY UTILITIES, INC.,
 KEVIN L. GOULDMAN, AND NORTHERN NECK WATER,
 INC., FOR APPROVAL OF A TRANSFER OF UTILITY
 ASSETS
CASE NO. PUR-2018-00108

On July 12, 2018, Aqua Virginia, Inc. ("Aqua Virginia"), Great Bay Utilities, Inc. ("Great Bay"), Kevin L. Gouldman ("Gouldman"), and Northern Neck Water, Inc. ("NN Water") (collectively, "Joint Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition ("Joint Petition") seeking authority for Aqua Virginia and Great Bay to acquire and NN Water to dispose of certain waterworks utility assets ("Assets") used to provide water service to customers in Northumberland County, Lancaster County, and Westmoreland County, Virginia (collectively, the "Systems"). Aqua Virginia and Great Bay also propose to acquire thirteen systems currently operated by Gouldman, the President of NN Water, that are not currently regulated by the Commission. Joint Petitioners request approval of the acquisition and disposition of the Assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"), the "Utility Transfers Act. Pursuant to Code § 56-265.3 D, Joint Petitioners also seek approval to transfer NN Water's certificate of public convenience and necessity to Great Bay, along with any further or other authority necessary to serve the customers of the Systems.

According to the Joint Petitioners, Gouldman and NN Water desire to retire from the utility business. As a result of the proposed transfer, the Systems will be owned and operated by Great Bay, a wholly owned subsidiary of Aqua Virginia which, in turn, is wholly owned by Aqua America, Inc. ("Aqua America"). The Joint Petitioners state that, as one of the largest United States-based, publicly-traded water and wastewater holding companies in the nation, Aqua America has the expertise and the resources necessary to successfully operate the Systems. Joint Petitioners further state that the proposed transaction will result in benefits to the customers of NN Water that cannot be obtained by operating the Systems as a stand-alone company.

Joint Petitioners propose no changes to the Systems' water rates or connection fees. Four of the systems are currently metered, with the remainder billed on a flat rate basis. NN Water bills metered customers bi-monthly. Great Bay proposes to begin billing such customers on a monthly basis.

The Commission entered an Order for Notice and Comment that, among other things, directed the Joint Petitioners to provide notice of their Joint Petition and provided interested persons an opportunity to comment or request a hearing on the Joint Petition.

Copies of the Joint Petition and the Commission's Order for Notice and Comment may be obtained by submitting a written request to counsel for the Joint Petitioners, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Joint Petitioners may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before October 31, 2018, any interested person may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Joint Petition. On or before October 31, 2018, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00108.

On or before October 31, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Joint Petitioners at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All such filings

shall refer to Case No. PUR-2018-00108. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

Any person may request a hearing on the Joint Petition by filing such request for hearing on or before October 31, 2018. If not filed electronically, an original and fifteen (15) copies of the request for hearing must be submitted to the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2018-00108 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. Persons filing a request for hearing shall send a copy of the request to the Joint Petitioners' counsel at the address set forth above.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Comment may be obtained from the Clerk of the Commission at the address above.

AQUA VIRGINIA, INC., GREAT BAY UTILITIES, INC.,
KEVIN L. GOULDMAN, AND NORTHERN NECK WATER, INC.

(5) On or before October 3, 2018, Joint Petitioners shall serve a copy of this Order for Notice and Comment on the following officials, to the extent the position exists, in each county, city, and town in which NN Water provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by first class mail to the customary place of business or residence of the person served.

(6) On or before October 24, 2018, the Joint Petitioners shall file proof of notice and proof of service required in Ordering Paragraphs (4) and (5) with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(7) On or before October 31, 2018, any interested person may file with the Clerk of the Commission, at the address set forth in Ordering Paragraph (6), written comments on the Joint Petition. On or before October 31, 2018, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00108.

(8) On or before October 31, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of such notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). The respondent shall serve a copy of the notice of participation on counsel to the Joint Petitioners at the address set forth in Ordering Paragraph (3). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2018-00108.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, the Joint Petitioners shall serve upon the respondent a copy of this Order for Notice and

Comment, a copy of the public version of the Joint Petition, and a copy of the public version of all materials filed by the Joint Petitioners with the Commission, unless these materials already have been provided to the respondent.

(10) On or before October 31, 2018, any person wishing to request a hearing on the Joint Petition shall file such request for hearing with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the request for hearing must be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). All requests for hearing shall refer to Case No. PUR-2018-00108 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in the matter. A copy also shall be simultaneously served on counsel for the Joint Petitioners at the address set forth in Ordering Paragraph (3).

(11) The Staff shall investigate the Joint Petition. On or before December 5, 2018, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a Staff Report containing its findings and recommendations and shall promptly serve a copy of the same on counsel to the Joint Petitioners and all respondents.

(12) On or before December 19, 2018, the Joint Petitioners may file with the Clerk of the Commission an original and fifteen (15) copies of any response in rebuttal to the Staff Report and any comments filed by interested persons in this proceeding.

(13) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(14) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.⁷

(15) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219; Mary McFall Hopper, Esquire, Regulatory Counsel, Aqua America, Inc., 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010; Kim F. M. Harvey, Esquire, P.O. Box 1045, 15178 Kings Highway, Montross, Virginia 22520; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation, Public Service Taxation, and Utility Accounting and Finance.

⁷ The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00108, in the appropriate box.