

COMMONWEALTH OF PENNSYLVANIA



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October 28, 2024

**Via Electronic Filing**

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

Re: I&E Petition to Request the Commission  
Open a Section 529 Investigation into the  
Acquisition of Rock Spring Water Company  
Docket No. P-2024-3051313

Dear Secretary Chiavetta,

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the captioned proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

*/s/ Emily A. Farren*

Emily A. Farren  
Assistant Consumer Advocate  
PA Attorney I.D. # 322910  
EFarren@paoca.org

Enclosures

cc: Administrative Law Judge John M. Coogan (Via Email Only)  
Certificate of Service

CERTIFICATE OF SERVICE

In Re: I&E Petition to Request the :  
Commission Open a Section 529 : Docket No. P-2024-3051313  
Investigation into the Acquisition of :  
Rock Spring Water Company :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 28th day of October 2024.

**SERVICE BY E-MAIL ONLY**

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**SERVICE BY FIRST-CLASS MAIL**

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Huntingdon Area Water and Sewer Authority  
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Huntingdon, PA 16652

*/s/ Emily A. Farren*

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Phone: (717) 783-5048

Dated: October 28, 2024

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re: I&E Petition to Request the :  
Commission Open a Section 529 : Docket No. P-2024-3051313  
Investigation into the Acquisition of Rock :  
Spring Water Company :

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PREHEARING CONFERENCE MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to the Prehearing Conference Order issued on October 15, 2024, in the above-captioned proceeding, by the Honorable Administrative Law Judge (ALJ) John M. Coogan of the Office of Administrative Law Judge (OALJ) of the Pennsylvania Public Utility Commission (Commission), and pursuant to Section 333 of the Public Utility Code (Code), 66 Pa. C.S. § 333, and the Commission’s regulations at 52 Pa. Code §§ 5.221-5.224, the Pennsylvania Office of Consumer Advocate (OCA) submits the following Prehearing Conference Memorandum.

**I. INTRODUCTION**

This matter involves the proceeding commenced by the Commission’s Bureau of Investigation & Enforcement (I&E) on September 20, 2024, pursuant to Section 529 of the Public Utility Code, 66 Pa.C.S. § 529, when I&E filed the captioned Petition (Petition) with the Commission seeking the acquisition of Rock Spring Water Company (Rock Spring) by a capable public utility. Rock Spring serves approximately 494 customers. The purpose of the Petition is to determine whether the Commission should open an investigation to order a capable public utility to acquire Rock Spring and whether a receiver should be appointed for Rock Spring in the meantime.

In the Petition, I&E supported its request for the Commission to initiate a Section 529 investigation because Rock Spring had not satisfied certain components of the Joint Settlement of its 2012 base rate case, including: (1) a 50% reduction of Unaccounted For Water (UFW) phased-in over 66 months, with the first 10% reduction achieved within 18 months from the effective date of new rates and additional 10% reductions for each 12 month period over the next four years; and (2) installation of two isolation valves, not to exceed a maximum of ten new isolation valves over the 66-month period, if it fails to achieve the agreed upon 10% reduction. Additionally, I&E stated that Rock Spring has violated, and continues to violate, numerous Pennsylvania Department of Environmental Protection (DEP) environmental requirements, administrative orders, and enforcement orders issued by the Commonwealth Court.

The OCA filed a Notice of Intervention on October 9, 2024. Pennsylvania American Water Company filed a Petition to Intervene on October 10, 2024. Aqua Pennsylvania, Inc. filed a Petition to Intervene on October 16, 2024. State College Borough Water Authority filed a Petition to Intervene on October 21, 2024. The Office of Small Business Advocate filed a Notice of Intervention on October 23, 2024.

## **II. ISSUES**

The OCA is participating in this proceeding to ensure that the interests of the customers of Rock Spring are protected. Based upon its investigation and review of the filing, the issues to be addressed in the Section 529 proceeding include, but are not limited to, the following:

- The technical, managerial, and financial fitness, or lack thereof, of Rock Spring;
- Failures to comply with DEP and/or Commission orders and regulations by Rock Spring;
- Whether the Commission should order a capable public utility to acquire Rock Spring; if so, which capable public utility should be ordered to acquire Rock Spring; and
- The reasonableness of any purchase price for Rock Spring.

### **III. WITNESSES**

The OCA intends to present the written direct, rebuttal, and surrebuttal testimonies, as may be necessary, of the below witness:

Nicholas A. DeMarco  
Regulatory Analyst  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place  
555 Walnut Street  
Harrisburg, PA 17101-1923

The OCA specifically reserves the right to call additional witnesses, as necessary. If the OCA determines that additional witnesses will be necessary for any portion of its case, it will notify all parties of record promptly.

### **IV. PROPOSED SCHEDULE**

The OCA will work with the ALJ and the parties to develop a procedural schedule.

### **V. PUBLIC INPUT HEARINGS**

At this time, the OCA is not requesting a Public Input Hearing. However, the OCA reserves the right to make such a request if the OCA determines that one is necessary.

### **VI. DISCOVERY**

The OCA does not request any discovery rule modifications at this time.

**VII. OCA COUNSEL / SERVICE ON THE OCA**

The OCA will be represented in this case by the attorneys listed below:

Emily A. Farren  
Jacob D. Guthrie  
Assistant Consumer Advocates  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Email: [OCARockSpring@paoca.org](mailto:OCARockSpring@paoca.org)

The OCA will accept email service without provision of a hard copy. To the extent that materials are available electronically, it is requested that copies be served upon all the following group email: [OCARockSpring@paoca.org](mailto:OCARockSpring@paoca.org).

**VIII. SETTLEMENT**

The OCA will participate in settlement discussions in this matter.

Respectfully submitted,

*/s/ Emily A. Farren*

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Dated: October 28, 2024