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INDEPENDENT REGULATORY REVIEW COMMISSION

333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

April 21, 2025

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Keystone Building, 400 North Street
2nd Floor, North Wing
Harrisburg, PA 17120

L-2020-3017232

RCVD PUC SEC BUR
APR 24 2025 AM 10:57

Re: Regulation #57-337 (IRRC #3349)
Pennsylvania Public Utility Commission
Application of 52 Pa. Code Section 3.501 to Certificated Water and Wastewater Utility Acquisitions,
Mergers, and Transfers

Dear Secretary Chiavetta:

The Independent Regulatory Review Commission disapproved your regulation on March 20, 2025. Our order is enclosed.

Within 40 days of receipt of our order, Section 7(a) of the Regulatory Review Act requires you to select one of the following options: (1) proceed with promulgation under Section 7(b); (2) proceed with promulgation under Section 7(c); or (3) withdraw the regulation. If you do not take any action within this period, the regulation is deemed withdrawn.

If you or your staff have any questions, please contact me at 717-783-5506.

Sincerely,

George D. Bedwick
Chairman

MKB

Enclosure

cc: Honorable Patrick Stefano, Chair, Senate Consumer Protection and Professional Licensure
Committee

Honorable Lisa M. Boscola, Minority Chair, Senate Consumer Protection and Professional Licensure
Committee

Honorable Danilo Burgos, Chair, House Consumer Protection, Technology, and Utilities Committee

Honorable Carl Walker Metzgar, Republican Chair, House Consumer Protection, Technology, and
Utilities Committee

**INDEPENDENT REGULATORY REVIEW COMMISSION
DISAPPROVAL ORDER**

Commissioners Voting:

Public Meeting Held March 20, 2025

George D. Bedwick, Chairman
John F. Mizner, Esq., Vice Chairman
John J. Soroko, Esq.
Murray Ufberg, Esq.
Dennis A. Watson, Esq.

Order Issued April 21, 2025
Regulation No. 57-337 (#3349)
Pennsylvania Public Utility Commission
Application of 52 Pa. Code Section 3.501 to
Certificated Water and Wastewater Utility
Acquisitions, Mergers, and Transfers

On July 25, 2022, the Independent Regulatory Review Commission (Commission) received this proposed regulation from the Pennsylvania Public Utility Commission (PUC). This rulemaking deletes 52 Pa. Code §§ 3.501 and 3.502, adds §§ 3.511 – 3.516 and 66.2, and amends § 65.16. The proposed regulation was published in the August 13, 2022 *Pennsylvania Bulletin* with a public comment period ending on November 10, 2022. The final-form regulation was submitted to the Commission on November 6, 2024.

This final-form regulation revises the certificate of public convenience process utilized by water and wastewater providers seeking PUC authority to: become a water or wastewater public utility; extend water distribution or wastewater collection mains beyond a certificated service territory; or acquire existing water or wastewater systems.

At the public meeting of March 20, 2025, the PUC explained that the National Association of Water Companies (Pennsylvania Chapter) and Pennsylvania American Water Company submitted a letter identifying several issues with the rulemaking. The PUC asked this Commission to take appropriate regulatory action to allow them to amend the regulation to rectify the issues and then return the regulation for further consideration.

The PUC identified three issues they would like to rectify. First, they would like to amend Section 3.515 of the rulemaking, relating to acquisition of an existing water system or a wastewater system by a certificated water public utility or certificated wastewater public utility, and the Final Rulemaking Order that accompanied the rulemaking, to clarify its applicability, if any, to Class A water and waste water systems that have filed an application to acquire another system.

Second, the PUC would like to delete language found at Section 3.515(a)(1)(ii) that requires the submittal of an appraisal when one water or wastewater system is applying to acquire another water or wastewater system. The PUC stated that appraisals are not necessary for acquisitions that fall under Section 3.515 of the rulemaking.

Third, the PUC would like to address a potential conflict between Sections 3.515(a)(2)(v) and 3.515(h) of the rulemaking regarding direct notice to customers. In addition, they would like

to clarify how the direct notice requirement will be implemented and reconsider whether it is needed.

We have determined this regulation is consistent with the statutory authority of the PUC (66 Pa.C.S. §§ 1101, 1102, and 1103) and the intention of the General Assembly. However, based on the discussion above, we find the promulgation of this rulemaking is not in the public interest because it does not satisfy the criteria of need, reasonableness, and clarity set forth in Section 5.2(b) of the Regulatory Review Act. (71 P.S. § 745.5b.)

BY ORDER OF THE COMMISSION:

This regulation is disapproved.

George D. Bedwick

George D. Bedwick, Chairman

