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October 15, 2025

VIA ELECTRONIC SUBMISSION

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania PUC, Bureau of Investigation and Enforcement v. Conneaut Lake Park
Water Corporation, Inc.
Docket Nos. P-2024-3051855 and I-2024-3051857

Dear Secretary Homsher:

Enclosed for electronic filing please find the Second Prehearing Memorandum, on behalf of Conneaut Lake Park Water Corporation, Inc., in the above-referenced matter. Copies are being served in accordance with the attached Certificate of Service.

If you have any questions or require additional information, please feel free to contact me at your convenience.

Very truly yours,

MacDONALD, ILLIG, JONES & BRITTON LLP

By  _____
Mark J. Shaw

MJS/nes/4915-9958-6419 v.1
Enclosures

cc: The Honorable Eranda Vero (via e-mail only: evero@pa.gov)
All Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|----------------|
| Pennsylvania Public Utility Commission, | : | P-2024-3051855 |
| Bureau of Investigation and Enforcement | : | I-2024-3051857 |
| | : | |
| v. | : | |
| | : | |
| Conneaut Lake Park Water Corporation, Inc. | : | |

**SECOND PREHEARING MEMORANDUM
OF
CONNEAUT LAKE PARK WATER CORPORATION, INC.**

1. Introduction

Conneaut Lake Park Water Corporation, Inc. ("the Company") owns and operates a water system that serves customers in Conneaut Lake Park ("Water System") which is located on the shores of Conneaut Lake in Crawford County Pennsylvania. The Water System's customer base is small with only about 163 residential and commercial customers, a number of whom are seasonal. The Water System has significant unused capacity, but some part are old and the System needs significant upgrades and repairs. The Company acquired the water system through a bankruptcy. The Company acquired the Certificate of Pubic Convenience in the spring of 2023 and then filed a rate case in the summer of 2023, which did not get resolved via settlement until August 2024 with an increase in the rates to \$38.71 a month for residential customers. The rate increase approved was not sufficient to, and was not intended to, cover the costs of any capital improvements.

The Company is represented in this matter by MacDonald, Illig, Jones & Britton, LLP, specifically by Attorney Mark J. Shaw. Contact information is as follows:

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2. Notice to Customers

On November 15, 2024, the Company served a Notice of Acquisition Investigation to all customers. On November 18, 2024, the Company submitted a Certificate of Mailing and the Notice provided, which is attached hereto as Exhibit A.

3. Background

As part of the rate settlement reached by the parties, which was recommended by the ALJs and approved by the Commission in the Rate Case, the parties agreed as follows:

The Bureau of Investigation and Enforcement shall initiate a Section 529 proceeding of the Public Utility Code no later than three (3) months after entry of a Commission Order. I&E agrees that it will not seek any fines or penalties against CLPWC for any alleged violations of the Public Utility Code, or PUC rules and regulations, by CLPWC that occurred prior to the date of the Commission's approval of the Settlement Agreement. CLPWC reserves the right to challenge the acquisition and present evidence proving its ability to render adequate, efficient, safe, and reasonable service at just and reasonable rates.

This proceeding was filed pursuant to that settlement in November 2024.

Subsequent to the filing of the initial Prehearing Memorandum, the Company and Aqua began negotiating a possible sale of the Water System to Aqua. Those good faith negotiations broke down, and it is clear to the Company that Aqua - the only viable water owner/operator alternative to the Company - has no interest in owning and operating the Water System.

The Company, which is an LLC, is ultimately is owned by Todd Josphe, who owns a couple of the commercial businesses within the service area of the Water System. He has a vested interest in the success of the Water System and has a vested interest in ensuring that the Water System provides "adequate, efficient, safe and reasonable service at just and reasonable rates."

Given the unsuccessful negotiations and the need to make the improvements to the system as quickly as possible, the Company has decided that it wants to be given the opportunity to fix the system and wants to remain the owner/operator of the system.

The Company and Mr. Josph have invested substantial sums into the operation and maintenance of the system when the rates have fallen short, which they often do. Mr. Josph has invested significant sums into the commercial businesses on the Water System, including a complete renovation of the historic Conneaut Lake Hotel. In the time the Company has operated the Waer System, it has a good sense of the projects that need to occur. Specifically, the anticipated needed projects include the major repair of the water tower, replacement of main distribution lines, improvements to the treatment system and building and replacement of one of the well pumps.

The Company has hired a qualified engineering firm to assess the Water System, and make recommendations for improvements and the timing of those improvements. The Company believes it can accomplish the needed improvements through PennVest funding. The Company has had several discussions with PennVest and has had the required premeeting with PennVest and PaDEP. The Company is exploring a couple of possible Action Plans.

Primary Option Action Plan (estimated dates)

1. 10/1/25 - Hire engineer to conduct engineering study to determine work that needs to be done
2. 10/8/25 - Planning meeting with PennVest for Advanced Financing
3. 10/29/25 - Submit PennVest Advance Funding Application (due either 10/29/25 or 2/4/26)
4. 3/31/26 - Internally Review and Finalize Engineer Report
5. 4/30/26 - Submit Report and proposed improvements PAPUC parties
6. 6/30/26 - Obtain agreement with PAPUC parties on plan
7. 7/30/26 - Hold PennVest Construction Funding meeting
8. 8/31/26 - Submit Permits to DEP
9. 3/31/27 - Upon receipt of DEP permits, Submit PennVest funding Application on next application date
10. 30 days after PennVest Approval, Submit Rate increase to PUC for PennVest Loan
11. 60 days after PUC approval, close on PennVest loan
12. 30 days after PennVest loan closing bid out projects

The Company is also exploring the possible use of PennVest's small projects funding mechanism to more quickly accomplish the projects needed. By separating the projects, the Company may be able to simplify the PaDEP permitting process. Ultimately, the cost of these capital projects will need to be passed onto the customers through a Section 1307(a) proceeding to get a tariff supplement to cover the cost of the PennVest loans approved in accordance with 52 Pa. Code §69.361.

The Company suggests that allowing the Company to proceed with investigating and implementing the improvements, as opposed to another lengthy litigation fighting over the capability of an operator to run the system, which has the wherewithal and the interest to do so is the best step forward for the customers of the Water System. an effort at settlement discussion be taken before any active litigation occurs.

4. **Issues**

The issues in this case are as follows:

- a. Whether the Company should even be subject to a Section 529 proceeding as opposed to allowing the Company to proceed with the projected improvements?
- b. Whether the six (6) factors justifying the Commission to order a capable public utility to acquire the water system have been met?
- c. Whether any of the five (5) alternatives to an acquisition order are available?
- d. What is a reasonable price for the acquisition of the water system?
- e. Whether the Company can prove that it has the ability to render adequate, efficient, safe and reasonable service at just and reasonable rates?
- f. Whether the proximate public utility providing the same type of service as the Company can prove its financial, managerial or technical inability to

acquire and operate the small water or sewer utility to avoid being ordered to acquire the Company?

- g. Whether a public input hearing is an appropriate vehicle for the acceptance of testimony in a case under Section 529, where the result could be the taking of the Company's property?

5. Potential Witnesses

- a. Todd Joseph - Will testify regarding commitment to make improvements and need for improvements by commercial customers
- b. Jacklyn McCoy - Will testify regarding operational/customer service activities of the Company
- c. Matthew Elchert, Certified Operator, Keystone Water Systems, LLC (Operations of the Water System)
- d. Steve Halmi (Retained Engineer investigating system condition and needed improvements)
- e. An undetermined valuation expert

The Company witnesses may be contacted through counsel for the Company. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, the Company reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

6. Evidence

The Company expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing.

7. Discovery

The Company will work with the other parties to ensure an smooth and efficient discovery process. The Company does not request any discovery modifications at this time. To the extent efforts are made to establish that the system should be taken from the Company, the Company would intend to depose the witnesses identified by such parties making those efforts.

The Company will oppose the suggested discovery process revision outlines in the OCA Second Prehearing Memorandum. The Company is the only likely recipient of discovery and, given its small size, needs the time allotted under the rules to adequately respond to discovery. OCA's requested process changes only put the Company at a strategic disadvantage.

8. Schedule

The Company will work with the parties and the Administrative Law Judges, to develop a schedule in this proceeding. The Company received a suggested schedule on October 14, 2025, and has not had an opportunity to evaluate it before the submission of this memo is due, especially in light of the Company's proposed Action Plan. The Company does note that it has significant concerns about testimony being introduced through the public input hearing process and the impact such a process has on the Company's ability to adequately defend itself against baseless unsupported assertions.

9. Service of Documents

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the Company agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement. The Company also requests that all parties serve an electronic copy of all interrogatory responses upon the Company.

10. Settlement

The Company is open to arriving at settlement that gives it the opportunity to evaluate and implement the needed improvements to the Water System.

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 p.m.

Respectfully submitted,



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Attorneys for Conneaut Lake Park Water
Corporation, Inc.

Dated: October 15, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, by the manner indicated below, and in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party):

VIA ELECTRONIC MAIL

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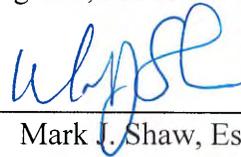
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