

COMMONWEALTH OF PENNSYLVANIA



DARRYL A. LAWRENCE  
Consumer Advocate

OFFICE OF CONSUMER ADVOCATE  
555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
(800) 684-6560

 @pa\_oca  
 /pennoca  
FAX (717) 783-7152  
consumer@paoca.org  
www.oca.pa.gov

November 7, 2025

**Via Electronic Filing**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Section 529 Investigation into the  
Acquisition of Rock Spring Water Company  
Docket No. P-2024-3051313

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Main Brief in this proceeding.

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

Respectfully submitted,

/s/ Janna E. Williams

Janna E. Williams  
Assistant Consumer Advocate  
PA Attorney I.D. # 319584  
Email: JWilliams@paoca.org

Enclosures

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

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
Bureau of Investigation & Enforcement : Docket No. P-2024-3051313  
Petition to Request the Commission Open a :  
Section 529 Investigation into the :  
Acquisition of Rock Spring Water Company :

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Main Brief, 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 7th day of November 2025.

**SERVICE BY E-MAIL ONLY**

Rebecca Lyttle, Esq.  
Steven C. Gray, Esq.  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1st Floor  
Harrisburg, PA 17101  
relyttle@pa.gov  
sgray@pa.gov  
*Counsel for OSBA*

Alexander R. Stahl, Esq.  
Aqua Pennsylvania, Inc.  
762 Lancaster Avenue  
Bryn Mawr, PA 19010  
astahl@aquaaamerica.com  
*Counsel for Aqua Pennsylvania, Inc.*

Raymond Myers, Chairman  
Huntingdon Area Water and Sewer Authority  
81555 Deforrest Road  
Huntingdon, PA 16652  
rmyers.raymond.h@gmail.com

Elizabeth Triscari, Esq.  
Teresa K. Harrold, Esq.  
Erin K. Fure, Esq.  
PA American Water Company, Inc.  
852 Wesley Drive  
Mechanicsburg, PA 17055  
elizabeth.triscari@amwater.com  
teresa.harrold@amwater.com  
erin.fure@amwater.com  
*Counsel for PAWC*

David P. Zambito, Esq.  
Jonathan P. Nase, Esq.  
Cozen O’Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101  
dzambito@cozen.com  
jnase@cozen.com  
*Counsel for PAWC*

Amanda K. Chaplin, Esq.  
Glenn P. Masser, Esq.  
Department of Environmental Protection  
Northeast Regional Office  
208 West Third Street, Suite 101  
Williamsport, PA 17701  
achaplin@pa.gov  
gmasser@pa.gov  
*Counsel for DEP*

Carrie B. Wright, Esq.  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120  
carwright@pa.gov  
*Counsel for I&E*

Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101  
Phone: (717) 783-5048

Dated: November 7, 2025

Elizabeth A. Dupuis, Esq.  
Morgan M. Madden, Esq.  
Babst, Calland, Clements and Zomnir, P.C.  
Suite 302, 330 Innovation Blvd.  
State College, PA 16803  
bdupuis@babstcalland.com  
mmadden@babstcalland.com  
*Counsel for Township of Ferguson*

Robert A. Mix, Esq.  
Robert Mix Law  
211 Kimport Avenue  
Boalsburg, PA 16827  
bmix@lmgrlaw.com  
*Counsel for SCBWA*

Rodney A. Beard, Esq.  
Beard Law Company  
101 North Allegheny Street  
Bellefonte, PA 16823  
rod@beardlawco.com  
*Counsel for RSWC*

/s/ Janna E. Williams  
Janna E. Williams, Esq.  
Assistant Consumer Advocate  
PA Attorney I.D. #319584  
Email: JWilliams@paoca.org

Melanie Joy El Atieh, Esq.  
Deputy Consumer Advocate  
PA Attorney I.D. # 209323  
Email: MElatieh@paoca.org

Jacob D. Guthrie, Esq.  
Assistant Consumer Advocate  
PA Attorney I.D. # 334367  
Email: JGuthrie@paoca.org  
Email: OCARockSpring@paoca.org

Counsel for:  
Darryl A. Lawrence  
Consumer Advocate

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
Bureau of Investigation & Enforcement : Docket No. P-2024-3051313  
Petition to Request the Commission Open a :  
Section 529 Investigation into the :  
Acquisition of Rock Spring Water Company :

---

MAIN BRIEF OF THE  
OFFICE OF CONSUMER ADVOCATE

---

Counsel for:  
Darryl A. Lawrence  
Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048

DATED: November 7, 2025

Janna E. Williams  
Assistant Consumer Advocate  
PA Attorney I.D. # 319584  
E-Mail: JWilliams@paoca.org

Melanie Joy El Atieh  
Deputy Consumer Advocate  
PA Attorney I.D. # 209323  
E-Mail: MEIAtieh@paoca.org

Jacob D. Guthrie, Esq.  
Assistant Consumer Advocate  
PA Attorney I.D. # 334367  
Email: JGuthrie@paoca.org

**TABLE OF CONTENTS**

**I. INTRODUCTION.....1**

    A. About the Office of Consumer Advocate..... 1

    B. Statement of the Case.....1

    C. Procedural History .....2

**II. BURDEN OF PROOF .....5**

**III. SUMMARY OF ARGUMENT .....5**

**IV. ARGUMENT.....6**

    A. Section 529 Criteria .....6

        1. Rock Spring is in violation of statutory and regulatory standards; therefore, the requirement of Section 529(a)(1) has been satisfied.....6

        2. Rock Spring has failed to comply with administrative orders concerning safety, adequacy, efficiency, or reasonableness of service; therefore, the requirement of Section 529(a)(2) has been satisfied. ....8

        3. Rock Spring cannot reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future; therefore, the requirement of Section 529(a)(3) has been met.....10

        4. Alternatives to acquisition have been considered and have been determined to be impractical or not economically feasible; therefore, the requirement of Section 529(a)(4) has been met.....11

        5. Both PAWC and SCBWA are financially, managerially, and technically capable of acquiring and operating the Rock Spring Water System; therefore, the requirement of Section 529(a)(5) has been met. ....13

        6. Rates charged to either PAWC or SCBWA customers will not increase unreasonably because of the acquisition; therefore, the requirement of Section 529(a)(6) has been met.....15

    B. Another capable utility should be required to acquire Rock Spring Water Company given that the six requirements of Section 529(a) have been satisfied. ....16

    C. The Commission can and should direct PAWC to acquire Rock Spring. ....18

**V. CONCLUSION AND REQUEST FOR RELIEF .....20**

Appendix A – Proposed Findings of Fact

Appendix B – Proposed Conclusions of Law

Appendix C – Proposed Ordering Paragraphs

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>Administrative Decisions</b>	
<i>Pa. PUC v. Delaware Sewer Company,</i> Docket No. P-2014-2404341 Opinion and Order at 27 (Jan. 28, 2016) .....	5
<i>Pa. PUC v. Rock Spring Water Co.,</i> Docket No. P-2024-3051313 (Order entered Feb. 20, 2025) .....	10, 18
<i>Pa. PUC v. Rock Spring Water Co.,</i> Docket No. R-2012-2336662 .....	12
<b>Statutes</b>	
35 P.S. § 721.1 .....	6
53 Pa. C.S. § 5601 .....	18
66 Pa. C.S. § 529 .....	2, 5, 6, 16, 18
66 Pa. C.S. § 529(a) .....	7, 16, 18
66 Pa. C.S. § 529(a)(1) .....	6, 8
66 Pa. C.S. § 529(a)(1)-(6) .....	16
66 Pa. C.S. § 529(a)(2) .....	8, 9, 10
66 Pa. C.S. § 529(a)(3) .....	10, 11
66 Pa. C.S. § 529(a)(4) .....	11, 13
66 Pa. C.S. § 529(a)(5) .....	13, 15
66 Pa. C.S. § 529(a)(6) .....	15
66 Pa. C.S. § 529(b) .....	11, 12, 17
66 Pa. C.S. § 529(b)(1)-(5) .....	11, 13
66 Pa. C.S. § 529(i) .....	5
66 Pa. C.S. § 529(m) .....	18
66 Pa. C.S. § 1501 .....	1, 6, 7, 8, 18, 19, 20

Clean Streams Law .....	6
Municipal Authorities Act .....	18
Pennsylvania Safe Drinking Water Act .....	1, 6, 7, 8, 16
Pennsylvania Sewage Facilities Act .....	6
<b>Other Authorities</b>	
25 Pa. Code Ch. 109 .....	6
52 Pa. Code §§ 3.1–3.11 .....	10
52 Pa. Code § 65.20(4) .....	1

## **I. INTRODUCTION**

### **A. About the Office of Consumer Advocate**

The Office of Consumer Advocate (OCA) is the statutory advocate with the authority and duty to represent the interest of consumers as a party before the Pennsylvania Public Utility Commission (Commission) in public utility acquisition investigations. The OCA seeks to ensure that Rock Spring Water Company (Rock Spring or Company) customers are able to receive service from a capable provider that can provide water service that complies with the character of service and facilities standards prescribed in Section 1501 of the Public Utility Code. 66 Pa. C.S. § 1501.

### **B. Statement of the Case**

Rock Spring has a long history of noncompliance with orders of the Commission and the Pennsylvania Safe Drinking Water Act. *See generally* OCA St. 1; I&E St. 1; I&E St. 2; DEP St. 1; DEP St. 2. Specifically, Rock Spring has struggled with sustained unaccounted for water (UFW) loss (in its 2023 Annual Report it reported 65% unaccounted for water), failure to monitor for volatile organic chemicals, failure to operate and maintain its treatment and distribution system in an adequate manner, and failure to provide boil water advisories to customers when required. *See* I&E Petition at 4-5; DEP St. 1 at 3-17; *see also* 52 Pa. Code Section 65.20(4) (“Levels of unaccounted-for water should be kept within reasonable amounts. Levels above 20% have been considered by the Commission to be excessive.”). As Pennsylvania Department of Environmental Protection (DEP) witness Nathan White stated, from 2021 to 2025, the Company has incurred “five significant deficiencies, eight minor violations, 30 minor deficiencies, and 78 valid monitoring violations.” DEP St. 1 at 4. In addition to the numerous violations, Mr. White testified that Rock Spring’s distribution system is “unlikely to provide adequate fire flow,” exacerbating the public health and safety concerns regarding Rock Spring’s poor condition. DEP St. 1 at 4.

These failures posed a significant threat to its customers and to the environment, which ultimately resulted in the appointment of Pennsylvania-American Water Company (PAWC) as the interim receiver for Rock Spring. Since the time of its appointment as receiver of Rock Spring, PAWC testified that it had addressed the issue of lost water in the system and regulatory compliance, including identification and repair of “five customer side service leaks and two company side service leaks and we have fixed two major main breaks.” PAWC St. 1-Supp. at 2. PAWC has identified several issues that must be addressed for Rock Spring to provide adequate, efficient, safe, and reasonable service to its customers, including inadequate site security, replacement of the treatment building, and upgrading the system to eliminate leaks and breakage. *Id* at 3.

Since the system at Rock Spring requires significant updates to eliminate threats to customers and the environment, OCA submits that the practical solution is to order a capable public utility to acquire the Rock Spring system such that repairs can be completed and the associated costs can be spread across the acquiring utility’s existing customers, to improve the possibility for resulting just and reasonable rates for all customers.

### **C. Procedural History**

On September 20, 2024, the Commission’s Bureau of Investigation and Enforcement (I&E) filed a Petition to Request the Commission Open a Section 529 Investigation into the Acquisition of Rock Spring Water Company (I&E Petition). On October 9, 2024, the OCA filed a Notice of Intervention. On October 10, 2024, PAWC filed a Petition to Intervene.

On October 11, 2024, a hearing notice was issued establishing a telephonic prehearing conference for October 30, 2024.

On October 16, 2024, Aqua Pennsylvania, Inc. (Aqua) filed a Petition to Intervene. On October 21, 2024, State College Borough Water Authority (SCBWA or Authority) filed a Petition to Intervene. On October 28, 2024, the DEP filed a Petition to Intervene. On November 11, 2024, Ferguson Township filed a Petition to Intervene.

On October 30, 2024, Administrative Law Judge (ALJ) John M. Coogan convened a prehearing conference, and on November 5, 2024, he issued a Prehearing Order setting forth the procedural schedule addressed during the prehearing conference. On December 10, 2024, counsel for Rock Spring filed a Notice of Appearance.

On January 13, 2025, counsel for Rock Spring filed an Emergency Petition for Appointment of Receiver in the Court of Common Pleas of Centre County, at docket no. 2025-CV-0064-CI, asking the Court to appoint SCBWA as receiver for Rock Spring. On January 22, 2025, the Commission's Law Bureau filed a Petition for Intervention in the Court of Common Pleas docket.

On January 30, 2025, the Centre County Court of Common Pleas held a hearing on the Emergency Petition and the Law Bureau's Petition to Intervene. At the hearing, the Law Bureau argued that the Commission has exclusive jurisdiction over Rock Spring as a certificated public utility. On February 5, 2025, the Court entered an order dismissing Rock Spring's Emergency Petition for Appointment of Receiver, ruling that the appointment of a receiver for Rock Spring is within the Commission's jurisdiction.

On February 6, 2025, the OCA filed a Petition for Interim Emergency Order (Emergency Petition). On February 14, 2025, an evidentiary hearing on the Emergency Petition was held as scheduled and on the same day, a Briefing Order was issued by the ALJ.

On February 20, 2025, an Order granting the Emergency Petition and certifying the Material Question to the Commission of the appropriateness of appointing PAWC as receiver was issued by the ALJ.

On March 13, 2025, the Commission voted 5-0 to adopt a Joint Motion by Chairmen Stephen M. DeFrank and Commissioner John F. Coleman Jr. (Joint Motion) which appointed PAWC as receiver for Rock Spring. The Joint Motion also directed Rock Spring to negotiate with SCBWA for the transfer of the Rock Spring system to SCBWA. The Commission entered its Opinion and Order adopting the Joint Motion on March 21, 2025.

On March 17, 2025, PAWC filed a Motion to Stay the Proceedings, which was granted on March 19, 2025. The order granting the Motion to Stay the Proceedings required all parties to file a status report detailing what issues were still in dispute and needed further proceeding, either 5 days after Rock Spring filed an Abandonment Application or 95 days after the entry of the Commission's Opinion and Order, whichever occurred first.

On June 19, 2025, 90 days after the Commission's Opinion and Order was adopted, PAWC filed a status report indicating that an agreement had not been reached between Rock Spring and SCBWA.

On June 27, 2025, a prehearing notice was issued establishing a prehearing conference for July 23, 2025.

OCA, I&E, OSBA, PAWC, Aqua, SCBWA, and DEP filed prehearing memoranda on July 18, 2025.

The prehearing conference convened on July 23, 2025, and on July 24, 2025, Prehearing Order #3 was issued establishing a new litigation schedule.

Ferguson Township requested public input hearings via a letter on September 2, 2025. Two in person public input hearings were held on September 30, 2025, in Ferguson Township with several members of the public providing testimony.

On October 20, 2025, an evidentiary hearing was held in Harrisburg during which testimony and exhibits were admitted to the record and witnesses were cross-examined.

## **II. BURDEN OF PROOF**

I&E bears the burden of proof to establish a *prima facie* case that the acquisition of a small water utility is in the public interest and complies with Section 529. 66 Pa. C.S. § 529(i); *Pa. PUC v. Delaware Sewer Company*, Docket No. P-2014-2404341 Opinion and Order at 27 (Jan. 28, 2016) (*Delaware Sewer*). The OCA supports I&E's Petition and is not precluded by statute or otherwise from producing its own evidence to address the requirements of Section 529. *Delaware Sewer* at 28.

## **III. SUMMARY OF ARGUMENT**

Rock Spring is a Commission-certificated public utility that provides water utility service to approximately 1,000 people with 494 connections. 529 Petition at ¶¶ 4,6. Pursuant to Section 529 of the Public Utilities Code, the Commission may order a capable public utility to acquire a small water or sewer utility if certain factors are met. 66 Pa. C.S. § 529. Rock Spring Water Company's system has been in disrepair for many years and improvements have not been made to ensure adequate, efficient, safe, and reasonable water service to its customers. The Company has attempted to sell the water system, as required by a Joint Settlement of its 2012 base rate case. These attempts have failed and service to its customers has not improved. In February, the ALJ ordered that PAWC be appointed as receiver to improve service to the public. Since the time of appointment PAWC has made improvements to the system and continues to do so to date.

Rock Spring has been in violation of Commission and DEP regulations for years. It has failed to comply with both Commission and DEP orders in a timely manner. There is no reasonable expectation that Rock Spring will be able to furnish and maintain service to its customers. Rock Spring has exhausted all options other than acquisition by a capable public utility. There are financially, managerially, and technically capable utilities who are able to acquire the Rock Spring water system, while not unreasonably affecting the rates of existing customers.

All of the criteria for acquisition of the Rock Spring water system by a capable utility have been met. The OCA submits that the most practical result is for the Commission to find that the Rock Spring system should be acquired by a capable utility as it is in the best interest of the Rock Spring customers.

#### **IV. ARGUMENT**

##### **A. Section 529 Criteria**

##### **1. Rock Spring is in violation of statutory and regulatory standards; therefore, the requirement of Section 529(a)(1) has been satisfied.**

The requirement of Section 529(a)(1) has been satisfied in this case. Section 529(a)(1) requires that the small water utility at issue be in violation of certain statutory or regulatory standards, including but not limited to the Clean Streams Law, the Pennsylvania Sewage Facilities Act, the Pennsylvania Safe Drinking Water Act, or the regulations adopted pursuant thereto which affect the safety, adequacy, efficiency or reasonableness of the service provided. 66 Pa. C.S. § 529(a)(1). The substantial record evidence demonstrates that Rock Spring is in violation of Section 1501 of the Public Utility Code, 66 Pa. C.S. Section 1501, and the Pennsylvania Safe Drinking Water Act, 35 P.S. Section 721.1 et seq. and 25 Pa. Code Chapter 109.

Since its 2012 base rate case the Company has not been providing adequate, safe and reasonable service, nor has it made such repairs and improvements as are necessary to continue

providing service to its customers. OCA St. 1 at 18-21. I&E witness Ethan Cline testified that Rock Spring's facilities were not always operating as designed and could not reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities. I&E St. 2 at 5. Mr. Cline further testified that his review of DEP reports showed that Rock Spring's unaccounted for water for December 31, 2023, was 65%, Rock Spring failed to meet the requirements of its DEP 2006 Corrective Action Plan, and Rock Spring had received multiple Notices of Violation (NOVs) from DEP citing numerous violations of the Pennsylvania Safe Drinking Water Act. *Id* at 5-6. Mr. Cline opined that Rock Spring had met the first factor of Section 529 (a). *Id*.

In addition to the violations of Section 1501 of the Public Utility Code, Rock Spring has violated the Pennsylvania Safe Drinking Water Act on multiple occasions since 2006. In June 2006, DEP entered into a Consent Order and Agreement (COA) with Rock Spring to address UFW and failure to maintain and operate its system. OCA St. 1 at 19. Rock Spring submitted a Corrective Action Plan (CAP) to DEP in August 2006 with the goal of completing the corrective actions no later than August 2011. *Id*. Rock Spring failed to meet the deadlines in the CAP and has failed to correct the issues as of February 2025. *Id*. On October 17, 2018, DEP assessed a civil penalty of \$40,000 to Rock Spring for continued failure to comply with the 2006 COA. *Id*. at 20.

On August 27, 2018, DEP issued an Administrative Order to Rock Spring requiring the installation of a Supervisory Control and Data Acquisition (SCADA) system by September 2019, for the operation of the well, booster pumps, and finished water storage tanks. OCA St. 1 at 20. The Administrative Order also required Rock Spring to contract with a professional leak detection company to complete a system wide evaluation/leak detection survey with a goal of reducing UFW loss to 30% or lower. Rock Spring failed to comply with August 2018 Administrative Order. *Id*. Due to continued failure by Rock Spring to comply, DEP filed a Petition to Enforce Administrative

Order with the Commonwealth Court, which was granted on January 18, 2024. *Id.* Rock Spring failed to comply with the Commonwealth Court Order. *Id.* On July 24, 2024, the Commonwealth Court issued an Order finding Rock Spring in contempt of the January 18, 2024, Order and imposed a sanction of \$1,500. *Id.* at 21. The Commonwealth Court also ordered Rock Spring to prepare a report within 30 days of the Order concerning the waterline replacement project. Rock Spring failed to provide this report. *Id.*

DEP has conducted frequent inspections of the Rock Spring Water system since 2006. In 2017, DEP discovered that Rock Spring's water system did not contain adequate chlorine and a NOV was issued. OCA St. 1 at 19. On January 10, 2018, DEP issued Rock Spring a NOV concerning failures to provide public notification, failure to provide public notification certification to DEP, and failure to monitor twenty-one organic chemicals. *Id.* DEP issued a subsequent NOV on May 21, 2018, for failure to monitor volatile organic chemicals. Rock Spring failed to respond. *Id.* at 20. DEP's witness, Mr. White, conducted one full inspection, seven partial inspections, two complaint inspections, and two administrative inspections of Rock Spring. DEP St. 1 at 5. Mr. White issued NOVs to Rock Spring on December 6, 2023, April 18, 2024, June 7, 2024, September 13, 2024, and a Field Order. *Id.* at 6-15.

As a result of Rock Spring's failure to comply with Section 1501 of the Public Utility Code and its failure to comply with the Pennsylvania Safe Drinking Water Act as noted by DEP's numerous NOVs and Orders, the OCA submits that Rock Spring is not providing adequate, efficient, safe, and reasonable service to its customers and the criteria for Section 529 (a)(1) is met.

**2. Rock Spring has failed to comply with administrative orders concerning safety, adequacy, efficiency, or reasonableness of service; therefore, the requirement of Section 529(a)(2) has been satisfied.**

The requirement of Section 529(a)(2) has been satisfied in this case. Section 529(a)(2) requires that the small water or sewer utility has failed to comply with any Department of

Environmental Resources or Commission order concerning safety, adequacy, efficiency, or reasonableness of service, including, but not limited to, the availability, potability, or palatability of water or provision of water at adequate volume and pressure. 66 Pa. C.S. § 529(a)(2).

Rock Spring has been in violation of Commission orders to reduce UFW since its 2012 base rate case. As a result of the 2012 base rate case, the Commission adopted a Joint Settlement which required Rock Spring to reduce its UFW by 50% over a 66-month period. *See* I&E Petition at 4; I&E St. 2 at 8. Even though Rock Spring has reduced its UFW since the Joint Settlement, in 2023 Rock Spring reported 65% UFW in its Annual Report. *Id.* Additionally, Rock Spring was required to install two isolation valves not to exceed 10 isolation valves and report those installations. At the time of I&E's Petition, there was no record of the installation of any isolation valves, nor the reporting of such. *Id.* Finally, Rock Spring was required by the Joint Settlement of the 2012 base rate case to make efforts to sell the system. Again, at the time of the filing of the I&E Petition, Rock Spring failed to comply with this provision. *Id.*

Beyond the violations of Commission Orders, Rock Spring has numerous DEP violations. Beginning in 2006, DEP has entered into a COA to address excessive water loss, has issued several NOV's, an Administrative Order, and filed Petitions to Enforce and for Contempt with the Commonwealth Court. *See* I&E Petition at 5-8; I&E St. 2 at 8-9. DEP's NOV's have cited violations for failure to monitor for volatile organic compounds, report chlorine residuals, and a Level 1 Assessment for a positive total-coliform test result, among other issues. I&E St. 2 at 8. As of February 2025, when PAWC was appointed as the receiver for Rock Spring, the Company had not complied with the NOV's and Orders of DEP. I&E St. 2 at 9.

Rock Spring has failed to comply with orders of both the Commission and DEP aimed at ensuring the safety, adequacy, efficiency, and reasonableness of the drinking water provided to its

customers. As a result of its failure to comply, OCA submits that the Section 529(a)(2) criteria has been met.

**3. Rock Spring cannot reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future; therefore, the requirement of Section 529(a)(3) has been met.**

The requirement of Section 529(a)(3) has been satisfied in this case. Section 529(a)(3) states that the small water or sewer utility cannot reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future. 66 Pa. C.S. § 529(a)(3). On February 6, 2025, the OCA filed a Petition for Issuance of an Interim Emergency Order pursuant to 52 Pa. Code §§ 3.1–3.11. *See Pa. PUC v. Rock Spring Water Co.*, Docket No. P-2024-3051313 (Order entered Feb. 20, 2025). The OCA Petition was successful in part due to the apparent mismanagement of Rock Spring which allowed customers to be placed at risk of imminent health threats, interruptions of service, and billing disputes. *Id.* at 13. I&E witness Mr. Cline testified that “An aging utility in poor repair run by owners who have a long history of noncompliance with Commission, DEP, and Court orders cannot be said to be providing adequate, efficient, safe, and reasonable service.” I&E St. 2 at 10. In the Order granting the OCA Petition, the ALJ opined that “The need for emergency relief in this proceeding has been established and a receiver should be appointed to manage, operate and provide utility services...” *Id.* at 18. The Company has not managed the day-to-day operations nor Company facilities since February 2025 and are not in a position to do so now.

Since its appointment as receiver in February 2025, PAWC has successfully addressed several issues facing the Rock Spring water system. PAWC has addressed lost water by implementing leak detection, repairing seven service leaks and two major main breaks. PAWC St. 1-Supp. at 2. PAWC has installed instrumentation to monitor compliance and provide remote alarms and shutdown in the event of equipment failures. *Id.* They have also employed operational

staff to operate the system daily. *Id.* Despite all these improvements, PAWC considers the majority of the system to be poorly constructed and subject to leaks and breakage. *Id.* at 3. According to estimates from PAWC and SCBWA, it could take between \$16 million and \$20 to repair the Rock Spring water system. OCA St. 1 at 22. Dividing these costs among a base of 452 residential and 12 commercial customers would result in such a large increase in rates as to not be economically or financially supportable. *Id.*

Without an astronomical increase in rates for consumers to fund the much-needed repairs to the system, Rock Spring is unable to furnish or maintain adequate, efficient, safe, and reasonable service and facilities now or in the future. The OCA submits that based on the foregoing, the criteria for Section 529(a)(3) has been met.

**4. Alternatives to acquisition have been considered and have been determined to be impractical or not economically feasible; therefore, the requirement of Section 529(a)(4) has been met.**

The requirement of Section 529(a)(4) has been met in this case. Section 529(a)(4) requires that alternatives to acquisition be considered and determined by the Commission to be impractical or not economically feasible. 66 Pa. C.S. § 529(a)(4). Section 529(b) lists five alternatives to acquisition to be considered by the Commission including: (1) reorganization under new management; (2) entering into a contract with another public utility or management or service company to operate the small utility; (3) the appointment of a receiver to assure the adequate, efficient, safe, and reasonable service and facilities are provided to the public; (4) the merger of Rock Spring with one or more other public utilities and (5) the acquisition of Rock Spring by a municipality, municipal authority or cooperative. 66 Pa. C.S. § 529(b)(1)-(5).

The Rock Spring water system faces many issues and repairs in its future. According to testimony provided by I&E witness Christopher Keller, the first three alternatives to acquisition under Section 529(b) would not address the financial resources needed for the Rock Spring water

system to come into compliance with DEP and resolve the issues with UFW. I&E St. 1 at 6. Additionally, Mr. Keller testified that the Company owners display a lack of interest in operating the water system, making merger unviable. *Id.* In January 2025 Rock Spring filed an Emergency Petition for Appointment of a Receiver in the Court of Common Pleas of Centre County. *Id.* at 14. That Petition stated that the owners of Rock Spring have not been cooperative and that they are not capable of managing the system nor assisting with the sale of the system. *Id.* Based on Mr. Keller's testimony it is not practical to reorganize Rock Spring under new management, contract with another entity for the operation of Rock Spring, nor to continue down the path of perpetual receivership.

OCA witness Mr. DeMarco testified that other options for acquisition have been considered. OCA St. 1 at 4. Mr. DeMarco's testimony echoes that of Mr. Keller in the belief that reorganization under new management is not a reasonable expectation. *Id.* Additionally, Mr. DeMarco states that in the Rock Spring 2012 base rate case, a provision of the Joint Settlement was to attempt to sell the system. *Id. See also Pa. PUC v. Rock Spring Water Co.*, Docket No. R-2012-2336662. Mr. DeMarco further opined that "given the circumstances of this case, in my opinion, a temporary receivership pending an ultimate acquisition of the system by a capable provider is a viable solution for this water provider, while receivership itself is not a viable alternative to acquisition." OCA St. 1 at 5.

Given the numerous repairs faced by the Rock Spring water system and the cost of those repairs, alternatives to acquisition are neither practical nor economically feasible. The OCA submits that the criteria for Section 529(a)(4) and (b)(1)-(5) have been met and no viable alternative exists other than the acquisition of Rock Spring by a capable public utility.

**5. Both PAWC and SCBWA are financially, managerially, and technically capable of acquiring and operating the Rock Spring Water System; therefore, the requirement of Section 529(a)(5) has been met.**

The requirement of Section 529(a)(5) has been satisfied in this case. Section 529(a)(5) requires that the acquiring capable public utility be financially, managerially, and technically capable of acquiring and operating the small water or sewer utility in compliance with applicable statutory and regulatory standards. 66 Pa. C.S. § 529(a)(5). In the I&E Petition, five potential public utilities, municipalities, municipal authorities, or cooperatives were identified as potential acquirors. I&E St. 1 at 7. Both PAWC and SCBWA have participated in the proceeding and are the most likely options to acquiring Rock Spring. *Id.* at 7-8.

Mr. Keller testified that PAWC is financially, managerially, and technically capable of acquiring Rock Spring. *Id.* He stated that it was possible that SCWBA is also financially, managerially, and technically capable. *Id.* PAWC already holds a certificate of public convenience to own and operate water and wastewater systems regulated by the Commission and has received Commission approval to own and operate several other water and wastewater utilities. *Id.* PAWC was appointed as receiver in this matter as well as for other troubled systems such as East Dunkard Water Authority. *Id.* at 11. Mr. Keller's opinion is that "PAWC is capable of operating the Rock Spring water system which has less than 500 water customers and bringing it into full compliance with Commission and DEP regulations" *Id.* at 12.

Both OCA witness Mr. DeMarco and PAWC witness Mr. Michael Guntrum testified to the financial, managerial, and technical capabilities of PAWC. Mr. DeMarco stated that "as a certificated public utility, PAWC is presumed to be fit..." OCA St. 1 at 8. PAWC stated in the testimony of Mr. Guntrum that they are able and willing to acquire Rock Spring, but that SCBWA is the more logical choice. PAWC St. 1-E at 3.

In his direct testimony Mr. Keller opined that SCWBA may also be an option to own and operate the Rock Spring system. I&E St. 1 at 12. Mr. DeMarco of OCA agreed that PAWC was fit to acquire Rock Spring, however it was his opinion that SCBWA was financially, managerially, and technically capable and it is in Rock Spring's consumers' best interests that SCBWA be allowed to acquire and integrate the Rock Spring system into its existing water system. OCA St. 1 at 6-7. Mr. DeMarco based this opinion on SCBWA's history of assisting Rock Spring when issues arose with the system, the proximity of the SCBWA system to the Rock Spring system, and the expressed interest by SCBWA in acquiring Rock Spring's water system. *Id.* at 7, 16. Mr. Brian Heiser of SCBWA testified that SCBWA has acquired four other systems since 1977, that there is significant supply of water for SCBWA customer needs, and SCBWA has not experienced any regulatory compliance issues. SCBWA St. 1 at 3-4.

Mr. DeMarco testified that while SCBWA was not accorded a presumption of fitness under the Public Utility Code, it was fit. *Id.* at 13. He based this testimony on SCBWA servicing approximately 14,924 connections and producing 1.8 billion gallons of water with a daily average of 4.9 million gallons. *Id.* Further SCBWA has outstanding facilities that have been recognized by the United States Environmental Protection Agency as recently as 2023. *Id.* In 2023, SCBWA had operating revenues of \$13,280,610 with net revenue of \$6,614,439 with a substantial surplus of funds. *Id.* at 14. SCBWA has approximately 42 employees and has retained hydrogeologist and engineering consultants. *Id.* at 15. Mr. DeMarco's testimony concluded that SCBWA was nothing less than a well-staffed and well-run utility. *Id.*

Both PAWC and SCBWA are financially, managerially, and technically capable of acquiring Rock Spring. The OCA submits that the criteria in Section 529(a)(5) has been met.

**6. Rates charged to either PAWC or SCBWA customers will not increase unreasonably because of the acquisition; therefore, the requirement of Section 529(a)(6) has been met.**

The requirement of Section 529(a)(6) has been satisfied in this case. Section 529(a)(6) requires that the “rates charged by the acquiring capable public utility to its preacquisition customers will not increase unreasonably because of the acquisition.” 66 Pa. C.S. § 529(a)(6). Mr. Keller of I&E testified that Rock Spring’s approximately 500 water customers are not likely to unreasonably affect the rates for pre-acquisition PAWC customers. I&E St. 1 at 12. Mr. Keller stated that PAWC currently supplies services to approximately 687,000 water customers where Rock Spring’s customers would represent less than 0.1% of all water customers served by PAWC. *Id.* at 12-13. PAWC has a history of acquiring small water systems, such as Rock Spring without significant increase to existing customer rates. *Id.*

Mr. DeMarco testified that SCBWA’s acquisition of Rock Spring would not increase the cost to current customers based on responses provided to OCA by SCBWA. OCA St. 1 at 17. Ms. Katie McCaulley of SCBWA testified to the effect of acquiring Rock Spring on current SCBWA customers. Ms. McCaulley stated that “[c]areful consideration has been taken with regard to SCBWA’s current customer base and rates would not be subject to change in order to acquire the RSWC system.” SCBWA St. 2 at 4.

The OCA submits that based on the testimony provided by Mr. Keller and Ms. McCaulley as well as Mr. DeMarco that rates charged by either PAWC or SCBWA to current customers will not increase unreasonably due to the acquisition of Rock Spring. The criteria in Section 529(a)(6) has been met.

**B. Another capable utility should be required to acquire Rock Spring Water Company given that the six requirements of Section 529(a) have been satisfied.**

The six requirements of Section 529(a)(1)-(6) have been met; therefore, the Commission should direct a capable utility to acquire the Rock Spring Water System. Section 529(a) grants the Commission the authority to order a capable public utility to acquire a smaller water or sewer utility if six factors are met. 66 Pa. C.S. § 529(a). Based on review of the factors of Section 529, Rock Spring has met all of the criteria for acquisition by a capable public utility and acquisition is in the best interest of the customers of Rock Spring.

I&E, OCA, and DEP have all testified that Rock Spring water company has numerous violations of both the Public Utility Code and the Pennsylvania Safe Drinking Water Act. Testimony has been provided that since 2006 DEP has conducted multiple inspections of the Rock Spring Water Company, issued numerous NOVs, a Field Order, an Administrative Order, and has entered into a Consent Order and Agreement with Rock Spring. *See generally* DEP St. 1, OCA St. 1, and I&E St. 2. Mr. Cline from I&E stated in his testimony that Rock Spring was not always operating as designed and could not reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities. I&E St. 2 at 5.

As demonstrated in the testimony, Rock Spring has not complied with Orders of the Commission and DEP. Rock Spring has been in violation of Commission Orders to reduce UFW since its 2012 base rate case. At that time the Commission adopted a Joint Settlement requiring Rock Spring to reduce its UFW by 50% over a 66-month period. *See* I&E Petition at 4; I&E St. 2 at 8. Rock Spring has failed to comply with DEP NOVs, and a DEP Administrative Order, culminating in DEP filing a Petition to Enforce Administrative Order with the Commonwealth Court. *See generally* DEP St. 1 at 6-15 and I&E St. 2 at 8-9. Rock Spring failed to comply with the Commonwealth Court Order. *Id.*

Rock Spring has not been furnishing and maintaining adequate service and facilities and cannot be expected to do so in future. The OCA successfully petitioned for the appointment of PAWC as a receiver in this matter. Since its appointment as receiver in February 2025, PAWC has successfully addressed many of the issues with the Rock Spring system, bringing them back into compliance. PAWC St. 1-Supp. at 2. There are still many issues that remain with the Rock Spring water system which will require costly repairs. Rock Spring cannot reasonably complete the remaining repairs without an astronomical increase in rates for consumers and therefore cannot provide reasonable services and facilities in the future.

Testimony has been provided by OCA and I&E that alternatives to the acquisition of Rock Spring by a capable public utility have been considered and are not a viable option in this matter. Mr. Keller testified that the first three alternatives to acquisition under Section 529(b) would not address the financial resources needed for the Rock Spring water system to come into compliance with DEP and resolve the issues with UFW. I&E St. 1 at 6. It is not practical to reorganize Rock Spring under new management, contract with another entity for the operation of Rock Spring, nor to continue down the path of perpetual receivership given the cost of coming into compliance along with the level of interest and cooperation from the current owners.

Both PAWC and SCBWA have been evaluated as potential utilities to acquire Rock Spring and are capable utilities that are financially, managerially, and technically capable of operating the system. PAWC St. No. 1-E at 3; SCBWA St. 1 at 3-4; OCA St. 1 at 15; I&E St. 1 at 7-8. PAWC and SCBWA have long histories of successfully managing water systems in close proximity to Rock Spring. In addition, rates for current customers at PAWC and SCBWA would not be affected unreasonably by the acquisition of Rock Spring's water system. I&E St. 1 at 12; SCBWA St. 2 at 4.

The OCA submits that each factor in Section 529 has been considered and met in this matter. The practical solution to ensure that Rock Spring Water Company customers receive service from a capable provider that can provide water service that complies with the character of service and facilities standards prescribed in Section 1501 of the Public Utility Code, is to Order that a capable utility acquire the Rock Spring system.

**C. The Commission can and should direct PAWC to acquire Rock Spring.**

The Commission has exclusive jurisdiction to order the acquisition of the Rock Spring water system, by a capable public utility. 66 Pa. C.S. § 529(a). By definition, a capable public utility is:

“A public utility which regularly provides the same type of service as the small water utility or the small sewer utility to 4,000 or more customer connections, which is not an affiliated interest of the small water utility or the small sewer utility and which provides adequate, efficient, safe and reasonable service. A public utility which would otherwise be a capable public utility except for the fact that it has fewer than 4,000 customer connections may elect to be a capable public utility for the purposes of this section regardless of the number of its customer connections and regardless of whether or not it is proximate to the small sewer utility or small water utility to be acquired.”

66 Pa. C.S. § 529(m).

In the instant case, PAWC enjoys the presumption of being a capable public utility. Mr. Keller testified that PAWC is financially, managerially, and technically capable of acquiring Rock Spring. I&E St. 1 at 7-8. PAWC already holds a certificate of public convenience to own and operate water and wastewater systems regulated by the Commission and has received Commission approval to own and operate several other water and wastewater utilities. *Id.* PAWC was appointed as receiver in this matter. *Id.* at 11. *See Pa. PUC v. Rock Spring Water Co.*, Docket No. P-2024-3051313 (Order entered Feb. 20, 2025).

SCBWA is a municipal authority incorporated under the Municipal Authorities Act. 53 Pa. C.S. § 5601 et. seq. As a municipal authority, and not a certificated utility, SCBWA is not subject

to the Commission's jurisdiction. The Commission lacks authority in the Public Utility Code to direct SCBWA, a municipal authority that has not voluntarily applied for a certificate of public convenience, to acquire the Rock Spring Water Company. While SCBWA has indicated its willingness to acquire the Rock Spring water system, it would be a significant departure from public utility law practice to find in this proceeding that the Commission can exercise its jurisdiction over a municipal authority to force it to acquire a troubled small water system.

PAWC is a certificated public utility that is subject to the Commission's jurisdiction and authority and that is already acting as the receiver for Rock Spring. Ordering the acquisition of Rock Spring by PAWC is both a legally practicable and practical result, absent any voluntary action on the part of SCBWA to acquire the Rock Spring Water System. The OCA submits that the most pressing matter in this case is that the customers of the Rock Spring water system receive water service that complies with the quality standards in Section 1501 of the Public Utility Code.

**V. CONCLUSION AND REQUEST FOR RELIEF**

For the reasons set forth in this brief, and for the protection of the health, safety, and welfare of Rock Spring Water Company's customers, the Office of Consumer Advocate respectfully requests that the Commission immediately order a capable public utility to acquire Rock Spring Water Company to enable the provision of water service to the affected customers that complies with the quality standards of Section 1501 of the Public Utility Code.

Respectfully submitted,

/s/ Janna E. Williams

Janna E. Williams

Assistant Consumer Advocate

PA Attorney I.D. # 3195884

E-Mail: JWilliams@paoca.org

Counsel for:

Darryl A. Lawrence

Consumer Advocate

Office of Consumer Advocate

555 Walnut Street

5<sup>th</sup> Floor, Forum Place

Harrisburg, PA 17101-1923

(717) 783-5048

DATED: November 7, 2025

Melanie Joy El Atieh

Deputy Consumer Advocate

PA Attorney I.D. # 209323

E-Mail: MElatieh@paoca.org

Jacob D. Guthrie, Esq.

Assistant Consumer Advocate

PA Attorney I.D. # 334367

Email: JGuthrie@paoca.org

**PROPOSED FINDINGS OF FACT**

1. Rock Spring Water Company (Rock Spring) is a Commission-certificated public utility that provides water utility service to approximately 1,000 people with 494 connections. OCA St. 1 at 4.
2. J. Roy Campbell is a shareholder and the president of Rock Spring Water Company and serves as the Company’s certified operator. DEP St. 1 at 3.
3. Rock Spring has several alleged failures, statutory, and regulatory violations:
  - a. Failure to comply with the 2013 Joint Settlement of its base rate case by not finalizing the sale of the system, *PUC v. Rock Spring Water Company*, Docket No. R-2012-2336662 (Order entered June 13, 2013).<sup>1</sup>
  - b. Rock Spring failed to timely implement a waterline replacement project as required by its 2006 Consent Order and Agreement (COA) with the Pennsylvania Department of Environmental Protection (DEP) to address its excessive water loss and failure to properly operate and maintain its distribution system.<sup>2</sup>
  - c. DEP issued Rock Spring a Notice of Violation dated January 10, 2018, for the following: failure to provide appropriate public notification, failure to provide public notification certification to DEP, failure to monitor for 21 volatile organic chemicals (VOCs) in the year 2017.<sup>3</sup>
  - d. DEP issued Rock Spring another Notice of Violation dated May 21, 2018, for the failure to monitor the VOCs, report chlorine residuals after the monitoring violation observed on December 19, 2017, provide public notice, and include a Level I Assessment for a total-coliform positive-sample violation in the Consumer Confidence Report.<sup>4</sup>
  - e. DEP assessed a civil penalty of \$40,000 on Rock Spring, noting the continued failure to comply with the 2006 COA.<sup>5</sup>
  - f. DEP issued an Administrative Order on August 27, 2018, that required Rock Spring to submit and implement a Corrective Action Plan (CAP) including the actions and schedule to reduce Rock Spring’s unaccounted-for water loss to 30% or less within five years. The approved CAP required Rock Spring to (1) install a Supervisory Control and Data Acquisition (SCADA) system by September 2019 for the operation of the well, booster pumps, and finished water storage tank<sup>6</sup>; (2) contract with a professional leak detection company to conduct a complete system evaluation/leak detection survey until the unaccounted-for water loss is 30% or less.<sup>7</sup>; and (3) complete a waterline replacement project by December 2023 should the unaccounted-for water loss still be greater than 30% by December 2021.

---

<sup>1</sup> I&E Petition, ¶¶ 13-17.

<sup>2</sup> I&E Petition, ¶¶ 19-21.

<sup>3</sup> I&E Exhibit D, pp. 6-7.

<sup>4</sup> *Id.* at 7.

<sup>5</sup> I&E Exhibit C, p. 13.

<sup>6</sup> I&E Exhibit G, p. 1.

<sup>7</sup> I&E Exhibit H, p. 1.

- g. To date Rock Spring has failed to comply with the August 2018 Administrative Order as their unaccounted-for water loss is still greater than 30%, and Rock Spring did not complete the waterline replacement project.<sup>8</sup>
  - h. On January 18, 2024, DEP’s Petition to Enforce Administrative Order was granted by the Commonwealth Court, *DEP v. Rock Spring Water Company*, Docket No. 438 M.D. 2023 (Order entered January 18, 2024).<sup>9</sup>
  - i. On July 24, 2024, the Commonwealth Court issued an Order finding Rock Spring to be in contempt of the Court’s January 18, 2024, Order and imposed sanctions, *DEP v. Rock Spring Water Company*, Docket No. 438 M.D. 2023 (Order entered July 24, 2024).<sup>10</sup>
4. From 2021 to 2025, the Company has incurred “five significant deficiencies, eight minor violations, 30 minor deficiencies, and 78 valid monitoring violations.” DEP St. 1 at 4:25-26.
5. The Company’s distribution system is “unlikely to provide adequate fire flow.” DEP St. 1 at 4.
6. Rock Spring has not provided any indication that they have the ability or willingness to improve the water system or address the violations and deficiencies identified by DEP.
7. On September 20, 2024, I&E filed a petition requesting the Commission open a Section 529 investigation into the acquisition of Rock Spring (I&E Petition).
8. On January 13, 2025, counsel for Rock Spring filed an Emergency Petition for Appointment of Receiver in the Court of Common Pleas of Centre County, at docket no. 2025-CV-0064-CI, asking the Court to appoint SCBWA receiver for Rock Spring. Counsel averred, “the water system is in severe state of deferred maintenance and has numerous leaks,” “neither Mr. Campbell nor his daughter are capable of managing a water system or assisting in the neat and orderly transfer of the water system to the SCBWA,” and “the obstinacy of the Campbells and the condition of the physical plant and water line poses a clear and present danger to all of Rock Springs’ customers which cannot be resolved by present management.”<sup>11</sup> By Order dated February 5, 2025, the Court dismissed the Emergency Petition, citing a lack of jurisdiction over Rock Spring.
9. On February 6, 2025, the OCA filed a Petition for Interim Emergency Order with Exhibits A-C.
10. On February 20, 2025, the ALJ entered an Order granting the OCA’s Petition for Interim Emergency Order.<sup>12</sup>

---

<sup>8</sup> I&E Exhibit E.

<sup>9</sup> *Id.*

<sup>10</sup> I&E Exhibit F.

<sup>11</sup> OCA’s Petition for Interim Emergency Order, Exhibit C.

<sup>12</sup> *Pa. PUC v. Rock Spring Water Co.*, Docket No. P-2024-3051313 (Order entered Feb. 20, 2025).

11. Pennsylvania American Water Company (PAWC) was appointed receiver for the Rock Spring water system.<sup>13</sup>
12. Rock Spring has not managed the daily operations of the water system since the appointment of PAWC as the receiver.
13. PAWC has successfully addressed several issues in the Rock Spring water system including lost water by implementing leak detection, repairing seven service leaks and two major main breaks. Additionally, PAWC has installed monitoring and compliance instrumentation and employed operational staff to ensure proper daily operations.<sup>14</sup>
14. According to estimates from PAWC and State College Borough Water Authority (SCBWA), it could take between \$16 million and \$20 to repair the Rock Spring water system. Dividing these costs among a base of 452 residential and 12 commercial customers would result in such a large increase in rates as to not be economically or financially supportable.<sup>15</sup>
15. PAWC is financially, managerially, and technically capable of acquiring Rock Spring. PAWC already holds a certificate of public convenience to own and operate water and wastewater systems regulated by the Commission and has received Commission approval to own and operate several other water and wastewater utilities.<sup>16</sup>
16. SCBWA has a history of assisting Rock Spring when issues arise with the system, Rock Spring is in close proximity to the SCBWA system, and SCBWA has expressed interest in acquiring Rock Spring's water system.<sup>17</sup>
17. SCBWA has acquired four other systems since 1977, there is significant supply of water for SCBWA customer needs, and SCBWA has not experienced any regulatory compliance issues.<sup>18</sup>
18. Rock Spring's approximately 500 customers will not unreasonably affect the rates for pre-acquisition PAWC customers. PAWC currently supplies services to approximately 687,000 water customers. Rock Spring's customers represent less than 0.1% of all water customers served by PAWC. PAWC has a history of acquiring small water systems, such as Rock Spring without significant increase to existing customer rates.<sup>19</sup>

---

<sup>13</sup> *Id.*

<sup>14</sup> PAWC St NO. 1-Supp. at 2.

<sup>15</sup> OCA St. 1 at 22.

<sup>16</sup> I&E St. 1 at 7-8.

<sup>17</sup> OCA St. 1 at 6-7.

<sup>18</sup> SCBWA St. 1 at 3-4.

<sup>19</sup> I&E St. 1 at 12.

19. SCBWA has carefully considered its current customer base, and rates would not be subject to change in order to acquire the Rock Spring water system.<sup>20</sup>

---

<sup>20</sup> SCBWA St. 2 at 4.

**PROPOSED CONCLUSIONS OF LAW**

1. Rock Spring Water Company is a public utility as defined in Section 102 of the Public Utility Code. 66 Pa. C.S. § 102.
2. The Commission has the power to order a capable public utility to acquire the Rock Spring Water Company. 66 Pa. C.S. § 529(a).
3. The Bureau of Investigation and Enforcement bears the burden of proof to establish a *prima facie* case that the acquisition of a small water or sewer utility is in the public interest and complies with Section 529. 66 Pa. C.S. § 529(i).
4. The OCA supports acquisition and is not precluded by statute or otherwise from producing its own evidence to address the requirements of Section 529. *Pa. P.U.C. v. Delaware Sewer Company*, Docket No. P-2014-2404341 Opinion and Order at 27 (Jan. 28, 2016).
5. Rock Spring Water Company is in violation of statutory and regulatory standards of both the Public Utilities Code and the Pennsylvania Safe Drinking Water Act. 66 Pa. C.S. § 529(a)(1).
6. Rock Spring Water Company has failed to comply within a reasonable period of time, with an order from the Department of Environmental Resources, or the Commission concerning safety, adequacy, efficiency, or reasonableness of service. 66 Pa. C.S. § 529(a)(2).
7. Rock Spring Water Company cannot reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future. 66 Pa. C.S. § 529(a)(3).
8. Pennsylvania-American Water Company is financially, managerially, and technically capable of acquiring and operating Rock Spring Water Company. 66 Pa. C.S. § 529(a)(5).
9. The rates charged to Pennsylvania-American Water Company pre-existing customers will not increase unreasonably based on the acquisition of Rock Spring Water Company. 66 Pa. C.S. § 529(a)(5).
10. Pennsylvania-American Water Company is a technically, managerially, and financially fit public utility which is capable of providing service on behalf of Rock Spring Water Company to the customers of Rock Spring Water Company.
11. The Commission has statutory authority to direct Pennsylvania-American Water Company, a certificated public utility, to acquire the Rock Spring Water Company.

**PROPOSED ORDERING PARAGRAPHS**

**It is Ordered:**

1. Pursuant to 66 Pa. C.S. § 529(a), the Commission directs Pennsylvania-American Water Company (“Acquirer”) to acquire the Rock Spring Water Company.
2. The Acquirer’s service area shall be extended to include the entire service area of the Rock Spring Water Company.
3. The price for the acquisition of the Rock Spring Water Company shall be determined by agreement between Rock Spring Water Company and the Acquirer.
4. If Rock Spring Water Company and the Acquirer cannot come to an agreement on the acquisition price, the Acquirer shall proceed with exercising the power of eminent domain.
5. That Rock Spring Water Company shall preserve all hard copy or electronic records, files, bank statements, documents, papers, or any other materials related to their offering of utility service, including records of all contracts, agreements, loans, payments, and other arrangements with affiliated companies or be subject to criminal and/or civil prosecutions under Chapter 33 of the Public Utility Code and any other applicable state or federal law.
6. That Rock Spring Water Company shall no later than February 1, 2026, turn over copies or originals of all books, records, accounts, and any other information used and useful in the provision of utility water and wastewater service to customers served by Rock Spring Water Company to the Acquirer or be subject to criminal and/or civil prosecution under Chapter 33 of the Public Utility Code and any other applicable state or federal law.
7. That Rock Spring Water Company, including its owners, officers, and employees, are directed to provide full and unconditional cooperation with the orderly transition

of operations, management, and oversight to the Acquirer. Facilities include office buildings and buildings that include customer data and control center information. Data includes all financial and customer data. Failure to provide full and unconditional cooperation may be subject to criminal and/or civil prosecution under Chapter 33 of the Public Utility Code and any other applicable state or federal law.

8. Effective immediately, Rock Spring Water Company shall not engage in any purchases, sale, payment, lease, loan, or exchange of any service, property, money, security, right or thing under contract, whether real or written or under any arrangement with an affiliated interest, the terms which have not been approved by the Commission, or be subject to criminal and/or civil prosecution under Chapter 33 of the Public Utility Code and any other applicable state or federal law.

9. Rock Spring Water Company Employees shall provide all documents evidencing ownership or right of access to property upon which Rock Spring Water Company facilities are situate.

10. That a copy of this Order be served on Rock Spring Water Company, Pennsylvania-American Water Company, the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the North Central Regional Office of the DEP.

11. That a copy of this Order be posted on the Commission’s website at [www.puc.pa.gov](http://www.puc.pa.gov).

---

Administrative Law Judge John Coogan

ORDER ENTERED: