



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

November 7, 2025

Via Electronic Filing

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

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

Dear Secretary Homsher:

Enclosed for electronic filing please find the Main Brief of the Bureau of Investigation and Enforcement in the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Carrie B. Wright' with a stylized flourish at the end.

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CBW/ac
Enclosures

cc: Administrative Law Judge John M. Coogan (*via email* – jcoogan@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. P-2024-3051313
	:	
Rock Spring Water Company	:	

**MAIN BRIEF
OF
THE BUREAU OF INVESTIGATION AND ENFORCEMENT**

Carrie B. Wright
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PA Attorney ID No 208185

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
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Dated: November 7, 2025

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I. INTRODUCTION

The proceeding involves a Petition filed related to the Section 529 proceeding for Rock Spring Water Company (Rock Spring, RSWC, or Company) which was convened to determine whether another capable public utility should be ordered to acquire the Rock Spring system. Rock Spring is a "public utility" as that term is defined at 66 Pa. C.S. § 102,¹ as it is engaged in providing water service to the public pursuant to a certificate of public convenience (CPC) issued by this Commission. The system serves approximately 1,000 customers with approximately 494 connections.

A. PROCEDURAL HISTORY

As noted above, Rock Spring is a small water company. It is located in Centre County. J. Roy Campbell is the President and certified operator of Rock Spring. Elizabeth Campbell is the Secretary/Treasurer of Rock Spring and handles most administrative work for the Company. The Rock Spring system is aging and in disrepair. As explained in detail in this brief, it appears the Campbell's have not taken much initiative to fix the system or maintain compliance with Commission or the Pennsylvania Department of Environmental Protection (DEP) regulations.

On September 20, 2024, the Bureau of Investigation and Enforcement (I&E) filed a Petition (Section 529 Petition) requesting that the Commission initiate an investigation under Section 529 of the Public Utility Code, 66 Pa. C.S. § 529, to determine whether the Commission should order a capable public utility to acquire the Company.

¹ At 66 Pa. C.S. § 102, "Public utility" is defined under that term at subsection (l)(vii) as:
(1) Any person or corporation now or hereafter owning or operating in this Commonwealth equipment or facilities for:
(ii) Diverting, developing, pumping, impounding, distributing, or furnishing water to or for the public for compensation.

This Petition was initiated because of several violations of Commission, DEP and Commonwealth Court mandates. Specifically, Rock Spring has 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, it appeared that Rock Spring had violated, and continued to violate, numerous DEP environmental requirements, administrative orders, and enforcement orders issued by the Commonwealth Court.² At the time, it was I&E's understanding that Rock Spring's UFW was above 50%.³

On October 9, 2024, the Office of Consumer Advocate (OCA) filed a Notice of Intervention. On October 10, 2024, Pennsylvania-American Water Company (PAWC) filed a Petition to Intervene. On October 16, 2024, Aqua Pennsylvania, Inc. (Aqua) filed a Petition to Intervene. On October 21, 2024, the State College Borough Water Authority (SCBWA) filed a Petition to Intervene. On October 23, 2024, the Office of Small Business Advocate, (OSBA) filed a Notice of Intervention. On October 28, 2024, DEP filed a Petition to Intervene.

An initial Prehearing Conference was held on October 30, 2024, before Administrative Law Judge John Coogan (the ALJ).

² It is I&E's understanding that under PAWC's receivership many defects have been cured, and Rock Spring customers currently receive safe and reliable service.

³ As receiver, PAWC has been able to reduce the level of unaccounted for water.

On or about January 13, 2025, Rock Spring then counsel, Attorney James N. Bryant and Attorney Carolyn M. Larrabee, filed an Emergency Petition for the Appointment of Receiver for Rock Spring Water in the Court of Common Pleas of Centre County, Pennsylvania.⁴ In said Petition, Rock Spring requested that the SCWBA be appointed as receiver because it has lines within 4000 feet for Rock Spring. The Court of Common Pleas of Centre County issued an order on February 5, 2025, finding that it lacked jurisdiction to appoint a receiver for Rock Spring.⁵

On February 2, 2025, OCA filed a Petition for Issuance of an Interim Emergency Order (Emergency Petition) to appoint a receiver for the Rock Spring Water Company. In its Petition, OCA identified PAWC, SCWBA, and Aqua as potential receivers for Rock Spring. On February 14, 2025, ALJ Coogan held an evidentiary hearing related to OCA's Emergency Petition during which testimony was taken, and cross examination was conducted. Briefs on the Emergency Petition were submitted February 18, 2025, by I&E, Rock Spring, OCA, PAWC, Aqua, DEP, and SCWBA.

On February 20, 2025, ALJ Coogan issued an order granting OCA's Petition for Issuance of an Interim Emergency Order and certified the Material Question to the Commission of whether the granting of the Emergency Order and appointment of a receiver was appropriate.

On March 5, 2025, counsel for Rock Spring withdrew their appearances.

On March 13, 2025, the Commission voted 5-0 to answer the Material Question in the affirmative. The Commission also directed Rock Spring to negotiate in earnest for the

⁴ OCA Emergency Petition, Exhibit C.

⁵ PAWC Answer to OCA Emergency Petition, Exhibit A.

transfer of its system to SCWBA. As a result, on March 17, 2025, PAWC filed a Motion to Stay the Proceeding which was unopposed. This Motion was granted on March 19, 2025, and the litigation schedule was suspended.

However, on June 19, 2025, PAWC filed a letter noting that Rock Spring and SCWBA had not been able to come to an agreement and requested a further prehearing conference. This prehearing conference was held July 23, 2025, and a Prehearing Order was issued July 24, 2025, setting forth the procedural schedule.

Two in person public input hearings were held on September 30, 2025, in Ferguson Township.

Evidentiary Hearings were held on October 20, 2025, at which time testimony and exhibits were admitted into the record and witnesses were cross examined.

I&E submitted the following testimony:

- I&E Statement No. 1, the Direct Testimony of Christopher Keller along with I&E Exhibit No. 1;
- I&E Statement No. 1-SR, the Surrebuttal Testimony of Christopher Keller; and
- I&E Statement No. 2, the Direct Testimony of Ethan Cline.

B. DESCRIPTION OF I&E

Act 129 of 2008, 66 Pa. C.S. § 308.2, authorized the Pennsylvania Public Utility Commission (PUC or Commission) to establish bureaus, offices and positions to, *inter alia*, take appropriate enforcement actions that are necessary to insure compliance with the Public Utility Code and Commission regulations and orders. 66 Pa. C.S. § 308.2(a)(11). In accordance with Act 129, the Commission established the Bureau of Investigation and Enforcement (I&E) to serve as the prosecutory bureau for the purposes of representing the

public interest in ratemaking and service matters, and enforcing compliance with the Public Utility Code, 66 Pa. C.S. §§ 101 *et seq.*, and Commission regulations, 52 Pa. Code §§ 1.1 *et seq.* See *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

I&E filed the above-reference Petition acting in its role as the Commission’s prosecutory bureau.

II. BURDEN OF PROOF

Generally, under Section 332(a) of the Public Utility Code, the burden of proof in any proceeding involving the petition or application proposing a rule or order, or requesting relief from the Commission, is on the party seeking a rule or order from the Commission.⁶

Additionally, the Public Utility Code places the statutory burden of proof on I&E in proceedings instituted under Section 529.⁷ In Section 529 proceedings, the Commission has recognized that even though “I&E bears a statutory burden of proof in a Section 529 proceeding pursuant to 66 Pa. C.S. § 529(i), we have previously stated that the burden is not exclusive to I&E.”⁸ Rather, the Commission stated:

While the burden of going forward with evidence is on I&E, I&E is not assigned this task with any predetermined or targeted result in mind and will be guided in making its recommendation by the evidence it adduces. This does not preclude any other party, however, from producing its own evidence to address the evidentiary and statutory requirements of Section 529.⁹

⁶ 66 Pa. C.S. § 332(a). See generally *Brockway Glass Co. v. Pennsylvania Public Utility Commission*, 437 A.2d 1067 (Pa. Cmwlth 1981); *Lower Frederick Twp. v. Pennsylvania Public Utility Commission*, 409 A.2d 505 (Pa. Cmwlth. 1980).

⁷ 66 Pa. C.S. § 529(i).

⁸ *Pa. P.U.C. vs. Twin Lakes*, pp. 2-12, Docket No. P-2020-3020914, Order Entered September 17, 2020.

⁹ *Pa. P.U.C. v. Delaware Sewer Company*, Docket No. P-2014-2404341, Opinion and Order p. 28 (Order entered January 28, 2016).

In addition, it should be noted that this burden is comprised of two distinct burdens: the burden of production and the burden of persuasion. The burden of production tells the adjudicator which party must come forward with evidence to support a particular position.¹⁰ The burden of persuasion determines which party must produce sufficient evidence to convince a judge that a fact has been established, and it never leaves the party on whom it is originally cast.¹¹ Further, the Commission must ensure that any adjudication is supported by substantial evidence. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion.¹²

I&E submits that it has met its burden of presenting a *prima facie* case that acquisition of the Rock Spring Water Company by another capable public utility is in the public interest. As explained in further detail below, there is substantial record evidence to support this determination.

III. SUMMARY OF THE ARGUMENT

Rock Spring has significant and long standing quality of service and compliance issues, along with historically high levels of unaccounted-for water. Further, as this Commission has noted, Rock Spring has provided no indication that it is able or willing to improve the system or address the deficiencies.¹³ Rock Spring customer experience frequent service interruptions, leaks, delays in fixing main breaks, and an unsatisfactory emergency response plan.¹⁴ 66 Pa. C.S. § 529 gives the Commission the power to open an investigation and ultimately order the acquisition of small water and sewer utilities by a capable public

¹⁰ *In re: Loudenslager's Estate*, 430 Pa. 33, 240 A.2d 477 (1968).

¹¹ *Reidel v. County of Allegheny*, 633 A.2d 1325, 1329 n. 11 (Pa. Cmwlth. 1993).

¹² *Norfolk & Western Ry. Co. v. Pennsylvania Public Utility Commission*, 413 A.2d 1037 (Pa. 1980).

¹³ *Order Granting Petition for Issuance of an Interim Emergency Order*, Order at 22 Docket No. P-2024-3051313 (Order Entered March 21, 2025).

¹⁴ *Id.*, p. 25.

utility. Section 529 list six criteria that must be met before the Commission will order the acquisition of a small water or sewer utility by a capable public utility. I&E submits that all six criteria, as detailed below, have been met.

It is I&E's position that Rock Spring will not be able to easily resolve the issues it is facing and likely does not have the financial, managerial, or technical ability to do so. In light of the long history of inadequate service, Commission and DEP violations, and the historically high levels unaccounted-for water, the acquisition of Rock Spring by a larger capable public utility is required as it is in the best interest of Rock Spring customers.

IV. ARGUMENT

A. SECTION 529 CRITERIA

Section 529(a) of the Public Utility Code requires that the six enumerated elements be met in order for the Commission to order a capable public utility to acquire the small water or wastewater company. I&E has presented testimony that demonstrates that, in I&E's opinion, elements (1), (2), (3), (4), (5) and (6) of Section 529(a) are all met as detailed below. I&E submits that it has met its burden of proof in this proceeding and has demonstrated that Rock Spring is incapable of providing safe and reliable service to its customers. Therefore, I&E recommends the Commission issue an order requiring another capable utility to acquire the Rock Spring system.

i. 66 Pa. C.S. Section 529(a)(1)

Under Section 529(a)(1) the subject small water or sewer utility at issue must be in violation 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 to them.¹⁵

Additionally, Section 1501 of the Public Utility Code provides that:

Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public.¹⁶

As noted above, Rock Spring has an extensive history of failure to comply with both Commission and DEP requirements. On October 13, 2012, the Company filed a base rate case.¹⁷ As part of the settlement of the base rate case, the Company was to reduce its unaccounted for water (UFW) by 50% over 66 months to 23.3%.¹⁸ However, the Company failed to reach its benchmark of 63.2% within 18 months or the 10% reductions per year as required by the settlement. According to Commission policy statement, levels of unaccounted-for water should be kept within reasonable amounts, and levels over 20% have been considered excessive.¹⁹ Also, as part of the settlement, the Company was required to attempt to sell the system, however, to the best of I&E's knowledge, this also did not occur.

A review of the DEP reports included as attachments to I&E's Petition asking the Commission to open this investigation show the following:

- 1) Rock Spring's UFW for the year ended December 31, 2023 was at 65.0%.²⁰
- 2) In August of 2006, Rock Spring submitted a Corrective Action Plan ("CAP") with the DEP regarding its excessive unaccounted-for water with a plan and schedule to reduce water loss to less than 30% by September 1, 2010. The DEP concluded that, "[b]y failing to reduce its

¹⁵ 66 Pa. C.S. § 529(a)(1).

¹⁶ 66 Pa. C.S. § 1501.

¹⁷ *Pa. PUC v. Rock Spring Water Company*, Docket No. R-2012-2336662.

¹⁸ *Pa. PUC v. Rock Spring Water Company*, Docket No. R-2012-2336662. Settlement Agreement, paragraph 7(f).

¹⁹ 52 Pa. Code § 65.20(4).

²⁰ I&E Petition Exhibit A, p. 65.

unaccounted-for water loss as set forth in paragraph J, and by failing to implement a water-line replacement as described in paragraph L, Rock Spring has violated Section 109.4 of the Department's regulations, 25 Pa. Code § 109.4.²¹

- 3) Rock Spring was mailed a Notice of Violation (NOV) dated January 10, 2018, regarding violations concerning unacceptable free-chlorine residual levels discovered during a DEP inspection on December 19, 2017. This resulted in a violation of Sections 109.4 and 109.1302(a)(2) of DEP regulations, 25 Pa. Code §§109.4 and 109.1302(a)(2).²²
- 4) The DEP mailed a NOV dated May 21, 2018 to Rock Spring for the failures to monitor for twenty-one volatile organic chemicals (VOC) in 2017, which is a violation of Section 109.301(5) of the DEPs regulations 25 Pa. Code § 109.301(5).²³
- 5) Rock Spring also failed to issue appropriate public notification, which must include violations including contaminants of concern, potential adverse health effects, populations at risk if exposed to contaminants in the water, whether alternative water supplies should be used, actions consumers should take, what is being done to correct the situation, contact information for the water system owner or operator, and encouragement to distribute this notice to other persons served. This is a violation of 25 Pa. Code §§ 109.411(a) and 109.701(a)(4).²⁴

As a result, I&E submits that the criteria for Section 529(a)(1) has been met as demonstrated by the numerous violations identified above.

ii. 66 Pa. C.S. Section 529(a)(2)

Section 529(a)(2) requires that the small water or sewer utility has demonstrated its failure 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.²⁵

²¹ I&E Petition Exhibit B.

²² *Id.*

²³ I&E Petition Exhibit D.

²⁴ *Id.*

²⁵ 66 Pa. C.S. § 529(a)(2).

As explained by I&E witness Cline, Rock Spring has failed to comply with multiple orders from both the Commission and the DEP. He notes²⁶:

...Rock Spring has a history of not complying with the Commission's order to reduce its UFW as the Company was originally ordered to reduce its UFW as part of the settlement of its 2012 base rate case and the most recent UFW was at 65%, as described above. Additionally, according to the DEP, Rock Spring has failed to implement a waterline-replacement project to date despite an August 31, 2011 deadline,²⁷ did not follow recommendations to correct an NOV dated January 10, 2018 regarding public notifications,²⁸ did not respond to another DEP NOV dated May 21, 2018 regarding the failure to monitor VOCs, report chlorine residuals provide public notice, and include a Level 1 Assessment for a total-coliform positive test-sample violation.²⁹ Finally, Rock Spring was issued an August 27, 2018 Administrative Order from DEP directing the Company to install a Supervisory Control and Data Acquisition ("SCADA") system for the operation of the well, booster pumps, and finished water storage system as well as to contract with a professional leak detection company to deal with the excessive UFW.³⁰ The lack of compliance on this order by Rock Spring led to the Pennsylvania Commonwealth Court to grant on January 18, 2024 a DEP Petition to Enforce Administrative Order which required Rock Spring to submit a written report to DEP within 90 days of the date of the Order.³¹ Rock Spring's continuation of its history of non-compliance continued which resulted in the Commonwealth Court issuing an Order on July 24, 2024 finding Rock Spring to be in contempt of the January 18, 2024 Order and ordered Rock Spring to submit, within 30 days, a report including details regarding steps that has and will be taken by Rock Spring to address its leaking system.³² It is I&E's understanding that Rock Spring has not complied with this order, either.³³

²⁶ I&E St. No. 2, pp. 7-8.

²⁷ I&E Petition Exhibit B, p. 4.

²⁸ I&E Petition Exhibit D, pp. 6-7.

²⁹ *Id.*, at 7.

³⁰ I&E Petition Exhibit H, p. 1.

³¹ *Pa. D.E.P. v. Rock Spring Water Company*, Docket No. 438 M.D. 2023, (Order entered January 18, 2024), I&E Petition Exhibit E.

³² *Pa. DEP v. Rock Spring Water Company*, Docket No. 438 M.D. 2023, (Order entered July 24, 2024), and I&E Petition Exhibit F.

³³ I&E Petition, p. 8.

According to DEP witness White:

acquisition of Rock Spring Water Company by another capable public utility would be in the best interest of the customers served by Rock Spring Water Company. The water system is chronically mismanaged by J. Roy Campbell and Elizabeth Campbell, and that mismanagement has created situations that have put public health at unnecessary risk. This chronic mismanagement has the ability to cause an imminent health threat as evidenced by previous performance and compliance issues...³⁴

Additionally, DEP witness White notes that Rock Spring has had "...five significant deficiencies, eight minor violations, 30 minor deficiencies, and 78 valid monitoring violations from fiscal year 2021 to fiscal year 2025."³⁵ And that Mr. Campbell has incurred four violations himself as a result of his negligence as operator.³⁶

As explained in detail above, the requirements of Section 529(a)(2) have been met as Rock Spring has a demonstrated failure to comply with DEP or Commission orders concerning safety, adequacy, efficiency or reasonableness of service.

iii. 66 Pa. C.S. Section 529(a)(3)

Section 529(a)(3) provides 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.³⁷

As noted above, Rock Spring has a long history of non-compliance both with the Commission and DEP. Rock Spring cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future. An aging utility in poor repair run by owners who have a long history of noncompliance with Commission,

³⁴ DEP St. No. 3, p. 16.

³⁵ DEP St. No. 3, p. 3.

³⁶ DEP St. No. 3, p. 3.

³⁷ 66 Pa. C.S. § 529(a)(3).

DEP, and Court orders cannot be said to be providing adequate, efficient, safe, and reasonable service.

In addition, DEP witness Miller testified that in his opinion, based on the long history of noncompliance with almost no effort to invest in the water system and perform upgrades, and considering the manner in which Roy and Elizabeth appear to lack comprehension of the situation, he concludes that Roy and Elizabeth are both unwilling and incapable of bringing the system back into compliance.³⁸ Additionally, DEP witness Miller noted that, “[w]hen we met with Rock Spring and their engineering consultant on October 10, 2024, Roy concluded that they would not spend the millions of dollars necessary to replace the 22 miles of distribution system that are generally thought to be necessary to lower 30 unaccounted-for water loss to below 30%.”³⁹

In fact, it appears to be a foregone conclusion that Rock Spring cannot be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future as the Commission has issued an order stating, “...RSWC is not capable of providing safe, adequate, and reasonable service to its customers. To date, RSWC has not addressed the problems facing its system, and currently, there does not appear to be a plan in place to address the significant potential for loss of service for customers.”⁴⁰ Furthermore, the Commission explained, “RSWC has not provided any indication that it has the ability or willingness to improve the water system or address the violations and deficiencies identified by the DEP. In sum, RSWC’s customers are at risk of losing water service at any moment,

³⁸ DEP St. No. 1, p. 2.

³⁹ DEP St. No. 1, p. 2.

⁴⁰ *Order Granting Petition for Issuance of an Interim Emergency Order*, Order at 18 Docket No. P-2024-3051313 (Order Entered March 21, 2025).

and it is unclear if RSWC would be able to respond adequately if an emergency were to occur.”⁴¹

Therefore, the third factor in the Section 529 investigation has clearly been met.

iv. 66 Pa. C.S. Section 529(a)(4)

Section 529(a)(4) requires that alternatives to acquisition be considered and be determined by the Commission to be impractical or not economically feasible.⁴² Some alternatives include: (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 the subject utility with one or more other public utilities and (5) the acquisition of the subject utility by a municipality, municipal authority or cooperative.⁴³

The issue facing Rock Spring is the level of disrepair and the long term failure to comply with DEP and Commission orders and requirements. The first two alternatives to acquisition would not address the financial resources needed to address the issues with the Company’s extremely high UFW as well as other DEP violations that have been issues going back more than ten years.

Regarding the third alternative, PAWC is currently acting as receiver, and while this has ensured that Rock Spring customers currently receive safe and reliable service, receivership is not a long term solution. PAWC’s current ratepayers bear the financial

⁴¹ *Order Granting Petition for Issuance of an Interim Emergency Order*, Order at 22 Docket No. P-2024-3051313 (Order Entered March 21, 2025).

⁴² 66 Pa. C.S. § 529(a)(4).

⁴³ 66 Pa. C.S. § 529(b)(1)-(5).

responsibility of this receivership. Therefore, it is in anyone's best interest to not prolong this receivership; rather a determination needs to be made to require the Rock Spring system be sold and a determination of who the ultimate purchaser should be must be made.

The fourth alternative of merging with another public with one or more other public utilities is not viable. The Company has several DEP violations combined with the significant level of deterioration of the Rock Spring's water system. Also, the lack of interest by the Company's owners in operating the water system appropriately makes the Company an unviable merger candidate. Finally, the Company has been in contact with SCBWA since at least 2008 to acquire its water system but has been unable to reach an agreement. Based on this information, it is implicit that the above alternatives to acquisition are impractical or not economically feasible. I&E submits that the criteria for element four of Section 529 have been met.

v. 66 Pa. C.S. Section 529(a)(5)

Section 529(a)(5) requires the acquiring capable public utility to be financially, managerially and technically capable of acquiring and operating the small water or sewer utility in compliance with applicable statutory and regulatory standards.⁴⁴

In its Petition, I&E identified five public utilities, municipalities, municipal authorities or cooperatives (including PAWC and SCBWA) in the notice that was sent by the Commission notifying them of the 529 Investigation.⁴⁵ Not all of the entities identified chose to participate in the proceeding, leaving PAWC and SCBWA as the two most likely options to acquire the Rock Spring system. At their closest points, PAWC and SCBWA are

⁴⁴ 66 Pa. C.S. § 529(a)(5).

⁴⁵ *I&E Petition to Request the Commission Open Section 529 Investigation into the Acquisition of Rock Spring Water Company*, Docket No. P-2024-3051313. Petition at paragraph 32.

approximately 13 miles⁴⁶ and 0.8 miles,⁴⁷ respectively, from Rock Spring's water system.

It is undisputed that PAWC is financially, managerially and technically capable of acquiring and operating Rock Spring. PAWC already holds a certificate of public convenience to own and operate water and wastewater systems regulated by the Commission. Further, PAWC has received Commission approval to own and operate several other water and wastewater utilities. To name a few, PAWC recently acquired the Butler Area Sewer Authority (BASA) wastewater system in 2023 and the City of York wastewater system in 2022, which provides wastewater service to approximately 15,000 and 14,000 customers, respectively.⁴⁸ Additionally, PAWC acquired the water⁴⁹ and wastewater⁵⁰ systems of Valley Township in 2021 which provides service to approximately 1,700 water and 3,100 wastewater customers. More recently, PAWC acquired the water and wastewater system⁵¹ of the Township of Farmington in 2024 which serves 464 water and 448 wastewater

⁴⁶ I&E Exhibit No. 1, Schedule 3, p. 2.

⁴⁷ I&E Exhibit No. 1, Schedule 2, pp. 3-4.

⁴⁸ I&E Exhibit No. 1, Schedule 5.

⁴⁹ *Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of Valley Township's assets, properties, and rights related to its water treatment and distribution system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in Valley Township, and in a portion of West Caln and East Fallowfield Townships, Chester County, Pennsylvania.* Docket No. A-2020-3019859.

⁵⁰ *Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of Valley Township's assets, properties, and rights related to its wastewater collection and conveyance system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in Valley Township, and limited portions of East Fallowfield Township, Sadsbury Township, and West Caln Township, Chester County, Pennsylvania.* Docket No. A-2020-3020178.

⁵¹ *Application of Pennsylvania-American Water Company under Section 1102(a) for approval of the transfer, by sale, of substantially all of the Township of Farmington's assets, properties, and rights related to its drinking water distribution system to Pennsylvania-American Water Company; the transfer by sale of substantially all of the Township of Farmington's assets, Properties and rights related to its wastewater Collection and treatment system to Pennsylvania- American Water Company; and the right of Pennsylvania-American Water Company to begin to offer and furnish water service to the public in an additional portion and wastewater service to the public in a portion of the Township of Farmington, Clarion County, Pennsylvania.* Docket Nos. A-2023-3042567 and A-2023-3042587.

customers. The record evidence clearly demonstrates PAWC would be able to operate the system in compliance with DEP and Commission rules and regulations.

With regard to SCBWA it has been in discussions with Rock Spring since 2008 to acquire Rock Spring's water system.⁵² Additionally, SCBWA states⁵³ that it has acquired smaller systems near SCBWA that were in poor condition and the acquisition of Rock Spring would allow SCBWA to expand and develop additional sources of water creating a more efficient water system. Finally, SCBWA states that it has also been providing technical assistance to Rock Spring since 1993. Regarding its financial conditions, SCWBA witness McCaulley testified that SCWBA has consistently ended each fiscal year with positive net income and SCWBA maintains a health reserve for emergencies, tapping and capital improvements.⁵⁴ As a result, while SCWBA does not enjoy the same presumption of fitness as PAWC, it appears that it would also be capable of operating the system in compliance with DEP and Commission requirements.

Therefore, jurisdictional concerns notwithstanding, it appears to I&E that either PAWC or SCWBA would be financially, managerially and technically capable of acquiring and operating Rock Spring in compliance with applicable statutory and regulatory standards. Thus Section 529(a)(5) would be satisfied.

vi. 66 Pa. C.S. Section 529(a)(6)

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

⁵² I&E Exhibit No. 1, Schedule 4, pp. 2-3.

⁵³ I&E Exhibit No. 1, Schedule 4, pp. 3-4.

⁵⁴ SCBWA St. No. 2, p. 3.

acquisition.”⁵⁵ PAWC and SCBWA currently have approximately 687,000⁵⁶ and 15,000⁵⁷ customers, respectively. Rock Spring serves 452 residential and 12 commercial customers in Centre County.⁵⁸ PAWC is the largest water and wastewater provider in the state of Pennsylvania. SCWBA has approximately 15,000 customer connections serving over 73,000 residents.⁵⁹ By all indications, either entity would have the ability to absorb the Rock Spring customers without unreasonable increases to their current customers bases. In fact, as noted below, both PAWC and SCWBA testified to this fact.

PAWC witness Chard testified that “[t]he available information indicates that acquiring the Rock Spring System will increase rates for PAWC’s existing customers. Because of PAWC’s large size, I do not believe that spreading the cost to other customers would cause rates to increase unreasonably for PAWC’s existing customers.”⁶⁰ Additionally, SCWBA witness McCaulley explained that if SCWBA were to acquire the system, current customer rates would not be subject to change as a result.⁶¹

Accordingly, I&E submits that this requirement under Section 529 has been met.

B. WHETHER BASED ON THE ABOVE ANOTHER CAPABLE UTILITY SHOULD BE REQUIRED TO ACQUIRE ROCK SPRING

As explained above, the record evidence demonstrates that it is in the best interest of the Rock Spring customers that another capable utility should be required to acquire the system. The long history of mismanagement by the Campbell’s and the history of non-

⁵⁵ 66 Pa. C.S. § 529(a)(6).

⁵⁶ I&E Exhibit No. 1, Schedule 1.

⁵⁷ I&E Exhibit No. 1, Schedule 2, p. 2.

⁵⁸ Class “C” Water Company PUC Annual Report of Rock Spring Water Company for the Year Ended December 31, 2023 included as I&E Exhibit A to the I&E Petition to Request the Commission Open a Section 529 Investigation into the Acquisition of Rock Spring Water Company.

⁵⁹ SCWBA St. no. 1, p. 5.

⁶⁰ PAWC St. No. 3, p. 4.

⁶¹ SCWBA St. No. 2, p. 4.

compliance with DEP and Commission regulations and orders demonstrates that they are not currently capable of providing safe and reliable service to customers.

C. IF ANOTHER CAPABLE PUBLIC UTILITY SHOULD BE REQUIRED TO ACQUIRE ROCK SPRING, WHICH CAPABLE UTILITY SHOULD BE REQUIRED TO ACQUIRE THE SYSTEM

As explained above, it is I&E's position that the Commission must order another capable utility to acquire the Rock Spring system. As it currently stands, there are 3 utilities involved in this proceeding that would be capable of owning and operating the Rock Spring system: Aqua, PAWC, and SCBWA. However, it appears that while Aqua would be entirely capable, it is the least likely option given its proximity to the Rock Spring system.

According to Aqua witness Stephen Clark, Aqua's closest operations center is almost 50 miles away and its closest system is approximately 38 miles away.⁶² Of the other two potential acquiring entities, SCWBA is approximately 0.8 miles away and PAWC is approximately 13 miles away.⁶³

Both PAWC and SCWBA are sufficiently geographically close to the Company to be the acquiring entity, with SCWBA being the closest. It is unclear whether the Commission has the authority to order SCWBA to acquire Rock Spring because it is a municipal authority that does not currently fall under the Commission's jurisdiction.

It is I&E's position, that as a Commission-jurisdictional utility, it would be appropriate for the Commission to order the acquisition of the Rock Spring system to PAWC.

To be clear, given SCWBA's proximity to Rock Spring, its familiarity with the Rock Spring system, and its expressed willingness to purchase the Rock Spring system, I&E would

⁶² Aqua St. No. 1, p. 3.

⁶³ I&E St. No. 1, p. 9.

not be opposed to its acquisition of this system if the ALJ and the Commission find that this Commission has the jurisdiction to do so, and that SCWBA has demonstrated it is technically, financially and managerially fit to own and operate Rock Spring. While there may be additional hurdles given that SCWBA is not currently a regulated utility, it is the closest to and likely the most familiar with the Rock Spring system.

To the extent these jurisdictional hurdles cannot be overcome, as noted above, it is I&E's position that PAWC should be ordered to purchase the Rock Spring system.

D. OTHER FACTORS FOR CONSIDERATION

i. Section 529(e) – Acquisition Price

Section 529(e) provides that the price for the acquisition shall be determined by agreement between the small water utility and the acquiring capable public utility subject to a determination by the Commission that the price is reasonable.⁶⁴ This section of the Public Utility Code also prescribes the process for if the subject utility and the acquiring utility cannot agree on a purchase price. In that event, the acquiring utility would follow the procedure for exercising the power of eminent domain.

I&E submits that it is in the best interest of Rock Spring, its customers and the acquiring utility to agree to a reasonable purchase price rather than resorting to an eminent domain proceeding.

V. CONCLUSION

For the reasons set forth in this brief, I&E respectfully submits, that the criteria in Section 529(a) of the Public Utility Code have been met and the Commission should order

⁶⁴ 66 Pa. C.S. § 529(e).

the acquisition of Rock Spring by Pennsylvania American Water, or in the alternative, the State College Borough Water Authority.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B. Wright
Deputy Chief Prosecutor
PA Attorney ID No. 208185

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 783-6156

Dated: November 7, 2025

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, p. 3).
3. Elizabeth Campbell serves as the Company's Secretary/Treasurer. (DEP St. 1, p. 3).
4. 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).
5. In its Petition, I&E identified five public utilities, municipalities, municipal authorities or cooperatives notifying them of the 529 Investigation. (I&E Petition ¶ 32).
6. Of the five entities identified by I&E in its Petition, only PAWC, Aqua and SCWBA have chosen to participate in this proceeding.
7. In its Petition I&E identified the following alleged failures, statutory and regulatory violations:
 - a. Failure to comply with the 2013 Joint Settlement of its base rate case, including the failure to reduce its lost and unaccounted-for water.¹ (I&E Petition ¶¶13-17).
 - b. Failure 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. (I&E Petition ¶¶ 19-21).
 - c. DEP issued Rock Spring a Notice of Violation (NOV) 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. (I&E Petition ¶ 23)
 - d. DEP issued Rock Spring a NOV 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. Rock Spring did not respond. (I&E Petition ¶ 24)

¹ *PUC v. Rock Spring Water Company*, Docket No. R-2012-2336662 (Order entered June 13, 2013).

- e. On October 17, 2018, DEP assessed a civil penalty of \$40,000 on Rock Spring, noting the continued failure to comply with the 2006 COA. (I&E Petition ¶ 25).
 - f. On August 27, 2018, DEP issued an Administrative Order, that required Rock Spring to 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.² The AO also required Rock Spring to contract with a professional leak detection company to conduct a complete system evaluation/leak detection surveys until the UFW loss is 30% or less. (I&E Petition ¶ 26)
 - g. 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.³ (I&E Petition ¶ 29)
8. In sum, from 2021 to 2025, the Company has incurred “five significant deficiencies, eight minor violations, 30 minor deficiencies, and 78 valid monitoring violations.” (DEP St. No. 1, p. 3)
 9. In addition to the violations cited against Rock Spring, J. Roy Campbell been cited for 4 violations due to negligence as operator. (DEP St. 3, p. 3)
 10. Rock Spring current leadership has demonstrated an unwillingness and inability to comply with DEP and Commission requirements.
 11. On December 11, 2024, counsel for Rock Spring submitted a letter to counsel for State College Borough Water Authority (SCBWA), indicating that Rock Spring agreed to sell its system to SCBWA for \$65,000. (OCA Petition for Interim Emergency Order, Exhibit A).
 12. On February 6, 2025, the OCA filed a Petition for Interim Emergency Order. (OCA Petition for Interim Emergency Order).
 13. By Order entered March 21, 2025, the Commission granted OCA’s Petition for Interim Emergency Order and appointed PAWC as receiver of Rock Spring. (*Order Granting Petition for Issuance of an Interim Emergency Order*, Docket No. P-2024-3051313 (Order Entered March 21, 2025)).
 14. According to the receiver, PAWC, the Rock Spring system is poorly constructed and subject to leaks and breakage. The treatment building is decrepit and will need replaced and there is not adequate security. (PAWC Supp. St. 1, p. 3).

² I&E Exhibit G, p. 1.

³ *DEP v. Rock Spring Water Company*, Docket No. 438 M.D. 2023 (Order entered January 18, 2024).

15. PAWC's closest system is approximately 13 miles from Rock Spring. (PAWC Supp. St. 1, p. 6).
16. To connect to the Rock Spring system, SCWBA would build an interconnection consisting of a 4,250 foot, 12-inch water main. (SCWBA St. No. 3, p. 4).
17. PAWC has completed an initial five-year capital investment plan which includes major replacement of the distribution system, a new treatment building and system and a new tank at a cost of approximately \$16 million. (PAWC Supp. St. 1, p. 7).
18. SCWBA and Rock Spring entered into a non-binding letter of intent that stated that Rock Spring would sell its system for \$65,000. (SCWBA Exhibit A).
19. Rock Spring rejected SCWBA's purchase offer of \$65,000. (SCWBA St. No. 4 – Supplemental, p. 2).
20. If SCWBA purchases Rock Spring it would connect Rock Spring into the Authority's existing system. (SCWBA St. No. 4 – Supplemental, p. 3).
21. If it were to purchase the Rock Spring system, PAWC would operate Rock Spring as a standalone system for the foreseeable future. (PAWC Supplemental St. No. 1, p. 6).
22. PAWC is financially, managerially, and technically capable of acquiring and operating the Rock Spring system. (I&E St. No. 1, p. 8).
23. It is possible that SCWBA is also financially, managerially, and technically capable and given its proximity may be a suitable option. (I&E St. No. 1-SR, p. 3).
24. It is in the interest of Rock Spring Water Company customers to have this system sold to another capable utility.

PROPOSED CONCLUSIONS OF LAW

1. The burden of proof in any proceeding involving the petition or an application filed by a utility proposing a rule or order, or requesting relief from the Commission, is on the utility. (66 Pa. C.S. § 332(a)).
2. Although I&E bears a statutory burden of proof in Section 529 proceedings pursuant to 66 Pa. C.S. § 529(i), the burden is not exclusive to I&E. (*Pa. P.U.C. vs. Twin Lakes*, pp. 2-12, Docket No. P-2020-3020914, Order Entered September 17, 2020).
3. Any party in a Section 529 proceeding may present or rebut a *prima facie* case in support of its position in the Section 529 proceeding. (*Pa. P.U.C. v. Delaware Sewer Company*, Docket No. P-2014-2404341, Opinion and Order p. 28 (Order entered January 28, 2016)).
4. The burden of proof must be satisfied by a preponderance of evidence. *Samuel J. Lansberry, Inc. v. Pennsylvania Public Utility Commission*, 578 A.2d 600 (Pa. Cmwlth 1990).
5. A preponderance of evidence is such evidence that is more convincing, by even the smallest amount, than that presented by another party. *Se-Ling Hosiery v. Margulies*, 70 A.2d 854 (Pa. 1950).
6. This burden of proof is comprised of two distinct burdens: the burden of production and the burden of persuasion. The burden of production tells the adjudicator which party must come forward with evidence to support a particular position. *In re: Loudenslager's Estate*, 430 Pa. 33, 240 A.2d 477 (1968). The burden of persuasion determines which party must produce sufficient evidence to convince a judge that a fact has been established, and it never leaves the party on whom it is originally cast. *Reidel v. County of Allegheny*, 633 A.2d 1325, 1329 n. 11 (Pa. Commw. 1993).
7. The Commission must ensure that any adjudication is supported by substantial evidence. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. *Norfolk & Western Ry. Co. v. Pennsylvania Public Utility Commission*, 413 A.2d 1037 (Pa. 1980).
8. Section 529 of the Public Utility Code requires that the Commission conduct an investigation to determine whether the six elements enumerated in Section 529(a) are met before the Commission may order a capable public utility to acquire the small water or wastewater company. 66 Pa. C.S. § 529(a).
9. Section 529(c) lists six factors the Commission shall consider during its investigation of whether the six enumerated elements of Section 529(a) are met. (66 Pa. C.S. § 529(c)).

10. If the subject utility and acquiring utility cannot agree on a purchase price, an eminent domain proceeding will be instituted. (66 Pa. C.S. § 529(e)).

PROPOSED ORDERING PARAGRAPHS

THEREFORE,

IT IS ORDERED:

1. That, having found Rock Spring is incapable of providing safe and reliable service, another capable utility shall acquire the Rock Spring Water Company.
2. That Pennsylvania American Water, as a capable public utility, shall acquire the Rock Spring Water Company. (Or in the alternative: That the State College Water Borough Authority shall acquire the Rock Spring Water Company.)
3. That the acquiring utility and Rock Spring shall engage in good-faith, arms-length negotiations regarding the sale price of the Rock Spring Water Company.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Main Brief** dated November 7, 2025,
in the manner and upon the persons listed below:

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