

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Aqua Pennsylvania, Inc. as the	:	
Receiver for Venango Water Company	:	
For Approval of the Lead Service Line	:	P-2024-3050248
Replacement Program for Venango Water	:	
Company	:	

RECOMMENDED DECISION

Before
Mark A. Hoyer
Deputy Chief Administrative Law Judge

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I. INTRODUCTION

This decision recommends that the Joint Petition for Settlement executed and submitted at this docket by Aqua Pennsylvania, Inc. (Aqua), serving as the Receiver for Venango Water Company (VWC) and its affiliates Cooperstown Water Company (CWC), Fryburg Water Company (FWC), Plumer Water Company (PWC), Sugarcreek Water Company (SWC), and West Hickory Water Company (WHWC) (collectively, the “Rhodes Water Utilities”), the Office of Consumer Advocate, and the Office of Small Business Advocate, be approved without modification as it is in the public interest and is consistent with the requirements of the Public Utility Code and the Commission’s regulations.

II. HISTORY OF THE PROCEEDINGS

Aqua was established as Receiver of the VWC system by the Commission’s Ex Parte Emergency Order dated August 11, 2023, and ratified by the Commission’s Ratification Order dated August 24, 2023 at Docket No. M-2023-3042180. Aqua’s Receivership under Section 529, 66 Pa.C.S. § 529, was consolidated in *Venango Water Company – Ex Parte Emergency Order Naming Aqua Pennsylvania, Inc. as Receiver; Section 529 Investigation of Venango Water Company; Section 529 Investigation of Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company and Blaine E. Rhodes Sewer Company*, Docket Nos. M-2023-3042180, I-2023-3042312, and P-2024-3045205, First Interim Order (Mar. 20, 2024) (Section 529 Proceeding).

On July 22, 2024, Aqua, as Receiver for VWC, filed a Petition seeking approval of VWC's Lead Service Line Replacement (LSLR) Program.¹

On August 5, 2024, Rebecca Lyttle, Esquire, filed a Notice of Appearance on behalf of the Office of Small Business Advocate (OSBA).

On August 8, 2024, the OSBA filed a Notice of Intervention, Public Statement and Verification.

On August 9, 2024, Aqua, as the Receiver for VWC, filed Supplement No. 25 to Water Pa. P.U.C. No. 3 without issued or effective dates.

On August 21, 2024, the Office of Consumer Advocate (OCA) filed a Notice of Intervention and Public Statement.

On August 21, 2024, the Commission's Secretary served a Secretarial Letter on Aqua, as Receiver for VWC, requesting information in response to the

¹ During the Section 529 Proceeding, Aqua was also established as Receiver of five additional water utilities owned and operated by the owner of VWC, i.e., the Blaine Edwin Rhodes Estate. The water utilities of the Rhodes Utilities include CWC, FWC, PWC, SWC, VWC, and WHWC. The Commission's October 30, 2024 Opinion and Order at Docket No. M-2023-3042180, I-2023-3042312, and P-2024-3045205, which adopted the undersigned's October 17, 2024 Order Granting Petition for Issuance of an Interim Emergency Order on an Expedited Basis and Certifying Material Question to the Commission, stated "[t]hat the Lead Service Line Replacement (LSLR) Plan filed by Aqua Pennsylvania, Inc., as Receiver for the Venango Water Company currently pending at Docket No. P-2024-3050248, shall apply to Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, and Cooperstown Water Company and the requirements of 52 Pa. Code § 65.55(a) shall be waived so that Aqua Pennsylvania, Inc. shall not be separately required to file LSLR Plans for Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, and Cooperstown Water Company." Ordering Paragraph 18.

Commission's Bureau of Technical Utility Services (TUS) Data Request Set 1, attached to the Secretarial Letter.

On August 29, 2024, an Initial Telephonic Prehearing Conference Notice was served scheduling a prehearing conference for September 30, 2024. On September 9, 2024, a Prehearing Conference Order was served.

On September 16, 2024, a Cancellation Notice was served canceling the scheduled prehearing conference on September 30, 2024.

On December 17, 2024, the undersigned emailed the Parties requesting that the Parties provide me with a status report in this proceeding by January 7, 2025. The Parties submitted status reports on January 9, February 28, and April 1, 2025, which requested additional time to pursue settlement.

On June 20, 2025, Aqua submitted a further Status Report on behalf of the Parties, notifying the undersigned that the Parties had reached a settlement in principle of all issues and intended to file a Joint Petition for Settlement.

On July 31, 2025, a Joint Petition for Settlement was filed.

On September 26, 2025, a Joint Stipulation of Facts was filed.

On October 2, 2025, an Interim Order was served admitting the Joint Stipulation of Fact into evidence, including the following attachments: Stipulating Parties Exhibit 1 – an updated copy of the Rhodes Water Utilities' LSLR Plan; Stipulating Parties Exhibit 2 – an updated copy of the pro forma tariff supplements; and Stipulating Parties Exhibit 3 – updated information and supporting data, including information for the Rhodes Water Utilities, required by 52 Pa. Code § 53.52(a); and closing the record.

The hearing record consists of the documents admitted into the record by the October 2, 2025, Interim Order.

This Recommended Decision recommends the Settlement be adopted without modification as it is in the public interest.

III. FINDINGS OF FACT

The Stipulating Parties agreed to certain facts which are hereby adopted as set forth below.

1. The Stipulating Parties stipulated to the admission of the Rhodes Water Utilities' LSLR Plan, as submitted by Aqua as Receiver for VWC, and as applied to all the Rhodes Water Utilities, into evidence in this proceeding. A copy of the Rhodes Water Utilities' LSLR Plan, which was updated according to the terms reached in the Settlement and attached to the Settlement as Exhibit A, was attached as Stipulating Parties Exhibit 1 to the Joint Stipulation of Facts.

2. The Stipulating Parties stipulated to the admission of the Rhodes Water Utilities' pro forma tariff supplements containing the proposed changes necessary to implement the LSLR Plan into evidence in this proceeding. A copy of the pro forma tariff supplements, which were updated according to the terms reached in the Settlement and attached to the Settlement as Exhibit B, were attached as Stipulating Parties Exhibit 2 to the Joint Stipulation of Facts.

3. The Stipulating Parties stipulated to the admission of certain information and supporting data required by 52 Pa. Code § 53.52(a), related to revisions and supplements to a utility's tariff, into evidence in this proceeding. Aqua updated the supporting data to provide information for the Rhodes Water Utilities, which was

attached to the Settlement as Exhibit C, and which was attached as Stipulating Parties Exhibit 3 to the Joint Stipulation of Facts.

4. Aqua provides water public utility service to approximately 458,000 water customers in a certificated service territory that spans 32 counties across the Commonwealth of Pennsylvania. Aqua is a “public utility” as that term is defined under the Public Utility Code, 66 Pa.C.S. § 102. Joint Stipulation of Facts ¶ 6.

5. VWC is a Class C public utility that owns a water system serving approximately 247 customers in Sugarcreek Borough, Venango County, Pennsylvania. VWC does not have an LTIP on file with the Commission and is not authorized to have a Distribution System Improvement Charge (DSIC). Joint Stipulation of Facts ¶ 7.

6. CWC is a Class C public utility that owns a water system serving approximately 133 customers in Cooperstown Borough and Jackson Township, Venango County, Pennsylvania. CWC does not have an LTIP on file with the Commission and is not authorized to have a DSIC. Joint Stipulation of Facts ¶ 8.

7. FWC is a Class C public utility that owns a water system serving approximately 212 customers in Washington Township, Clarion County, and Pinegrove Township, Venango County, Pennsylvania. FWC does not have an LTIP on file with the Commission and is not authorized to have a DSIC. Joint Stipulation of Facts ¶ 9.

8. PWC is a Class C public utility that owns a water system serving approximately 69 customers in Cornplanter Township, Venango County, Pennsylvania. PWC does not have an LTIP on file with the Commission and is not authorized to have a DSIC. Joint Stipulation of Facts ¶ 10.

9. SWC is a Class C public utility that owns a water system serving approximately 82 customers in Sugarcreek Borough, Venango County, Pennsylvania. SWC does not have an LTIP on file with the Commission and is not authorized to have a DSIC. Joint Stipulation of Facts ¶ 11.

10. WHWC is a Class C public utility that owns a water system serving approximately 227 customers in Harmony Township, Forest County, Pennsylvania. WHWC does not have an LTIP on file with the Commission and is not authorized to have a DSIC. Joint Stipulation of Facts ¶ 12.

11. Aqua was established as Receiver of the VWC system by the Commission's Ex Parte Emergency Order dated August 11, 2023, and ratified by the Commission's Ratification Order dated August 24, 2023 at Docket No. M-2023-3042180. Aqua's Receivership under Section 529 was established in *Venango Water Company – Ex Parte Emergency Order Naming Aqua Pennsylvania, Inc. as Receiver; Section 529 Investigation of Venango Water Company; Section 529 Investigation of Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company and Blaine E. Rhodes Sewer Company*, Docket Nos. M-2023-3042180, I-2023-3042312, and P-2024-3045205 (Section 529 Proceeding). Joint Stipulation of Facts ¶ 13.

12. During the Section 529 Proceeding, Aqua was also established as Receiver of CWC, FWC, PWC, SWC and WHWC, which are five additional water utilities owned and operated by the owner of VWC, *i.e.*, the Blaine Edwin Rhodes Estate. Joint Stipulation of Facts ¶ 14.

13. Pursuant to Deputy Chief Administrative Law Judge Mark A. Hoyer's October 17, 2024 Order Granting Petition for Issuance of an Interim Emergency Order on an Expedited Basis and Certifying Material Question to the Commission

(Interim Order) issued in the Section 529 Proceeding, the LSLR Plan filed by Aqua as Receiver for VWC² is applicable to all of the Rhodes Water Utilities and the requirements of 52 Pa. Code § 65.55(a) have been waived so that Aqua Pennsylvania, Inc. is not separately required to file LSLR Plans for the remaining Rhodes Water Utilities.³ Joint Stipulation of Facts ¶ 15.

14. The requirements for a LSLR Plan are contained in Section 1311(b) of the Pennsylvania Public Utility Code (the Code), 66 Pa. C.S. § 1311(b), Chapter 65 of the Commission’s regulations, 52 Pa. Code §§ 65.51, *et seq.*, and the Commission’s Final Rulemaking Order regarding Act 120 of 2018 (Act 120) entered on March 14, 2022 at Docket No. L-2020-301952 (Rulemaking Order). Joint Stipulation of Facts ¶ 16.

15. The Rhodes Water Utilities’ LSLR Plan, as modified by the terms and conditions of the Settlement, includes and/or addresses all of the elements prescribed by Section 1311(b) of the Public Utility Code, the applicable Commission regulations, and the Commission’s Rulemaking Order. Joint Stipulation of Facts ¶ 17.

16. Aqua, on behalf of the Rhodes Water Utilities, has and is continuing to develop its Service Line Inventory, as detailed in the LSLR Plan, using all available sources of information to establish service line material designations for both Rhodes Water Utilities and customer owned service lines. Joint Stipulation of Facts ¶ 18.

17. Aqua will update the Rhodes Water Utilities’ Service Line Inventory as progress is made on completing the inventory and if any new water systems are acquired by the Rhodes Water Utilities. Joint Stipulation of Facts ¶ 19.

² All references to Aqua undertaking an action are to Aqua serving as Receiver for the Rhodes Water Utilities.

³ The Commission adopted the Interim Order in its Opinion and Order entered October 30, 2024, at Docket Nos. M-2023-3042180, *et al.*

18. Aqua does not foresee the Rhodes Water Utilities acquiring any additional water systems while it is operating the Rhodes Water Utilities systems under the Receivership. Joint Stipulation of Facts ¶ 20.

19. The Rhodes Water Utilities' LSLR Plan contains projected annual investment and sources of financing for the LSLR Plan, as well as the projected LSLRs per calendar year and a description of how the projection was developed. Joint Stipulation of Facts ¶ 21.

20. Aqua, as Receiver, proposed a cap of up to 10 replacements annually in each of the Rhodes Water Utilities systems between 2024 and 2028. Joint Stipulation of Facts ¶ 22.

21. While Aqua will replace lead service lines if found during an emergency repair, Aqua does not anticipate significant LSLR activities in the Rhodes Water Utilities' service territories. Joint Stipulation of Facts ¶ 23.

22. Anticipated sources of financing for the replacements include cash on hand and short-term debt of Aqua that will be booked under deferred accounting and recovered after the final determination of ownership in the Section 529 Proceeding, in accordance with the terms of the Receivership. Joint Stipulation of Facts ¶ 24.

23. Aqua is currently reviewing and verifying tap card information for the Rhodes Water Utilities. The Rhodes Water Utilities' current Service Line Inventory is contained in Tables 1.a. through 1.f., of the LSLR Plan. Joint Stipulation of Facts ¶ 25.

24. The projections for LSLRs between 2024 and 2028 are consistent with Aqua's proposed annual cap for the Rhodes Water Utilities systems in the LSLR Plan. Joint Stipulation of Facts ¶ 26.

25. Aqua considered the following prioritization criteria when developing the LSLR Plan: (1) emergency repairs revealing LSLs; (2) homes with elevated lead concentrations in tap samples; (3) schools and licensed day care facilities; and (4) homeowners that request replacements. Joint Stipulation of Facts ¶ 27.

26. The Rhodes Water Utilities' LSLR Plan contains processes and procedures to address emergency repairs and replacements which reveal LSLs, for both customer-owned and Rhodes Water Utilities-owned LSLs. Joint Stipulation of Facts ¶ 28.

27. When Aqua uncovers a customer-owned LSL (COLSL) while completing emergency repairs to the Rhodes Water Utilities systems, Aqua will contact the customer/owner and provide them with the information and materials in Section II.B.6 of the LSLR Plan and prioritize the replacement of the entire service line, both Rhodes Water Utilities and customer side. Joint Stipulation of Facts ¶ 29.

28. When Aqua uncovers a Rhodes Water Utilities-owned LSL while completing emergency repairs to its system, Aqua will replace the Rhodes Water Utilities service line up to the curb stop but will not make the connection, and this excavation will reveal the customer-side material. Joint Stipulation of Facts ¶ 30.

29. Upon verification that the customer's service line is not lead, Aqua will complete the Rhodes Water Utilities-side replacement and restore service to the property. Aqua will provide the customer with information regarding lead, pitcher filters, and flushing instructions. Joint Stipulation of Facts ¶ 31.

30. If the customer's service line material is lead or galvanized service line requiring replacement (GRR), Aqua will neither make the connection nor restore

service, and Aqua will provide the resident with the information and materials in Section II.B.6. of the LSLR Plan and immediately coordinate and prioritize replacement of the customer LSL. Joint Stipulation of Facts ¶ 32.

31. The Rhodes Water Utilities' LSLR Plan details the processes and procedures to obtain acceptance of a LSLR prior to project commencement when the customer is and is not the property owner. Joint Stipulation of Facts ¶ 33.

32. If main replacements are required, Aqua or its third-party representatives will send letters to customers to request authorization to gain access to a structure to review the material type of the customer's service line. Joint Stipulation of Facts ¶ 34.

33. Aqua personnel or Aqua's third-party vendor will visit each customer premise with an unknown service line material in a main replacement project to identify material type of the customer service line. Joint Stipulation of Facts ¶ 35.

34. Aqua will also be developing additional survey materials to engage customers/residents to assist Aqua in completing the Service Line Inventory. Joint Stipulation of Facts ¶ 36.

35. If Aqua uncovers a Rhodes Water Utilities LSL or a customer LSL during maintenance or construction activities, Aqua will provide a form to the resident if the resident is at the premise or will post the form if the resident is not at the premise and attempt to contact the resident via phone to follow up with further information. Joint Stipulation of Facts ¶ 37.

36. If there is no response to the investigation letter or form, Aqua will follow the provisions of Section II.B.5 of the LSLR Plan detailing further contact

attempts to be made and, if necessary, shut-off procedures. Joint Stipulation of Facts ¶ 38.

37. After making contact with the resident and identifying the presence of a customer LSL, Aqua personnel will ask whether the resident is the owner or renter of the building. Joint Stipulation of Facts ¶ 39.

38. If the customer is the owner, and they agree to participate in the replacement, then Aqua will provide the information and materials in Section II.B.6 of the LSLR Plan. If the resident/customer is the owner and refuses to participate in the replacement, Aqua will follow the provisions of Section II.B.10 of the LSLR Plan. Joint Stipulation of Facts ¶ 40.

39. If the resident is not the property owner, Aqua will obtain the owner's contact information from the customer and call the owner to explain the program to the owner and provide the owner with a copy of the Customer Lead/Galvanized Service Line Replacement Agreement (Replacement Agreement). Joint Stipulation of Facts ¶ 41.

40. If Aqua does not receive a response to telephone calls to the owner, Aqua will send a letter to the property owner explaining the program and request that the property owner contact Aqua. Joint Stipulation of Facts ¶ 42.

41. If the property owner does not respond, Aqua will explore all options to encourage property owners to participate, such as contacting the municipality and the local code enforcement in which the property is located, and, in certain circumstances, at Aqua's discretion, using Step In Rights as described in Section II.B.10 of the LSLR Plan. Joint Stipulation of Facts ¶ 43.

42. If Aqua has not received acceptance after multiple efforts to contact the property owner and obtain the Replacement Agreement, Aqua will initiate the 10-day shut-off process. Joint Stipulation of Facts ¶ 44.

43. The LSLR Plan contains the processes and procedures it will follow based on the acceptance of a LSLR. Joint Stipulation of Facts ¶ 45.

44. Initially, Aqua will provide pertinent information to the customer including: (1) the Customer Lead/Galvanized Service Line Replacement Agreement and postage-prepaid and pre-addressed envelope to Aqua; (2) the Lead Fact Sheet providing educational information about lead in drinking water; (3) the Information Sheet explaining the Lead Service Line Replacement Program; (4) post-COLSL replacement flushing instructions; and (5) a pitcher filter with six months of replacement cartridges. Joint Stipulation of Facts ¶ 46.

45. The Replacement Agreement allows a third-party licensed professional to enter the property and complete the LSLR, confirms the ownership of the service line following installation, provides a warranty on the work completed, and requires that the contractor install the replacement service line and restore the property as reasonably as practicable to the condition that existed prior to the LSLR. Joint Stipulation of Facts ¶ 47.

46. Following replacement, Aqua personnel will visit the customer's property within 5 business days after the COLSL replacement to reinstall or exchange the meter. In closing out the project, Aqua provides a letter to the customer 3-6 months post-replacement confirming that the newly installed customer service line has been transferred back to the customer/property owner, confirming the warranty for the completed work, and offering post-replacement 5th liter lead sampling and testing. Joint Stipulation of Facts ¶ 48.

47. The LSLR Plan details lead and material recycling and disposal efforts. Joint Stipulation of Facts ¶ 49.

48. When a customer LSLR occurs, Aqua's vendors will make an attempt to pull the entire length of the line which reduces excavation and restoration costs. However, often the line cannot be pulled through and is abandoned in place. Joint Stipulation of Facts ¶ 50.

49. Aqua's third party vendors who complete the replacements will dispose of any lead material removed at recycling centers. No proceeds will be provided to Aqua of the recycled material removed by the vendors. Joint Stipulation of Facts ¶ 51.

50. For Rhodes Water Utilities side LSL replacements, Aqua will attempt to pull the entire length of the line, which reduces excavation and restoration costs. However, often the line cannot be pulled through and is abandoned in place. Joint Stipulation of Facts ¶ 52.

51. Any lead material removed during a Rhodes Water Utilities side LSL replacement will be brought back to Aqua's division office and put in Aqua's recycling containers to be taken to the recycling center. The scrap metal that is recycled will be charged to a deferred regulatory asset. Joint Stipulation of Facts ¶ 53.

52. Aqua will adhere to the provisions of the Rhodes Water Utilities tariffs regarding replacement of Rhodes Water Utilities service lines. In addition, Aqua will require Aqua personnel and its contractors to comply with any applicable plumbing codes related to customer-side service line replacement. Joint Stipulation of Facts ¶ 54.

53. Aqua will follow Commission regulations regarding LSLRs, including prevention of partial service line replacements and termination of service

provisions, as needed, to prevent partial LSL replacements. Joint Stipulation of Facts ¶ 55.

54. The LSLR Plan details how its acquisition of water systems will be integrated into the Rhodes Water Utilities LSL replacement efforts. Joint Stipulation of Facts ¶ 56.

55. If the Rhodes Water Utilities acquire a water system prior to the deadline for water systems to complete their Service Line Inventories, Aqua will take over the water system's efforts, if any, to identify and incorporate the service line materials of the system into the Rhodes Water Utilities' overall Service Line Inventory. This will include the efforts described in Section II.A of the LSLR Plan. Joint Stipulation of Facts ¶ 57.

56. In the event that any water systems are acquired by the Rhodes Water Utilities after the deadline to complete Service Line Inventories, Aqua will incorporate the acquired system's completed inventory into the Rhodes Water Utilities' Service Line Inventory. Joint Stipulation of Facts ¶ 58.

57. The LSLR Plan explains the procedure regarding refusal of the offer to replace a customer-owned lead service line. Joint Stipulation of Facts ¶ 59.

58. During a LSLR project, if the resident/property owner refuses to replace a LSL, and Aqua has either made contact with the resident/property owner and they refuse, or where the resident/property owner is non-responsive to the requests to replace the customer LSL, Aqua will initiate termination procedures. Joint Stipulation of Facts ¶ 60.

59. Termination procedures include posting of 10-day shut off notices and other required contacts under the Commission's regulations. Joint Stipulation of Facts ¶ 61.

60. When Aqua provides the 10-day shut off notice to the customer (either through delivery or posting at the customer's premises), Aqua will also provide the Customer Refusal Letter, the Lead Fact Sheet describing the health hazards of lead service lines, and the Lead Service Line Program Information Sheet, which explains the requirements for reimbursement and the potential for termination of service. Joint Stipulation of Facts ¶ 62.

61. In certain circumstances, Aqua may use Step-In Rights as described in the Rhodes Water Utilities' tariffs to perform a replacement where it is in the public interest and would avoid termination of service to a customer that is not the property owner. Joint Stipulation of Facts ¶ 63.

62. The Rhodes Water Utilities' LSLR Plan contains a section addressing communications, outreach, and education that complies with the U.S. EPA's regulations at 40 CFR 141.85 (relating to public education and supplemental monitoring and mitigation requirements). Joint Stipulation of Facts ¶ 64.

63. A full list of all printed and broadcast materials Aqua plans on distributing to further LSL replacement efforts is included in the LSLR Plan, and copies of the materials are attached as Exhibits to the LSLR Plan. These materials may change, be updated from time to time, or new materials added as the LSLR Program evolves. Joint Stipulation of Facts ¶ 65.

64. The LSLR Plan also includes information regarding the portion of Aqua's website housing information related to its LSLR Plan. Instead of developing a

website specific to the Rhodes Water Utilities systems, Aqua will incorporate information on the Rhodes Water Utilities' LSLR Program on Aqua's website. Joint Stipulation of Facts ¶ 66.

65. Aqua has developed a section of its website that houses information related to lead and its LSLR Program,⁴ which provides information on sources of lead, the health effects of lead, Aqua's compliance with lead requirements, flushing instructions post-replacement, a video showing how to take a sample with the sample bottles provided by Aqua, and how residents can protect against lead exposure. Joint Stipulation of Facts ¶ 67.

66. Aqua has developed an online tool to show service line material which is available on Aqua's publicly facing website.⁵ Joint Stipulation of Facts ¶ 68.

67. Aqua is also developing an online tool to show the replacement schedule by geographical location, six months into the future, and allow customers/owners to determine if they are within the required radius of a project and within the required time of the commencement of a project, thereby allowing customers to determine their eligibility for reimbursement for replacements. Aqua plans to incorporate information related to the Rhodes Water Utilities within this online tool. Joint Stipulation of Facts ¶ 69.

68. The Rhodes Water Utilities' pro forma tariff supplements containing the proposed changes necessary to implement the LSLR Program state that the Rhodes Water Utilities will replace up to 10 COLSLs per year in each of the Rhodes Water Utilities systems under the LSLR Program. Joint Stipulation of Facts ¶ 70.

⁴ Available at <https://www.aquawater.com/lead>.

⁵ Available at <https://www.aquawater.com/leadmap>.

69. The Rhodes Water Utilities' pro forma tariff supplements also specify that the Customer's service line extends from the curb, property line or utility connection to the utility's water meter or, if the utility's water meter is located outside of the structure or water is not metered by the utility, at the first shutoff valve located within the interior of the structure. Joint Stipulation of Facts ¶ 71.

70. The pro forma tariff supplements state that no customer or property owner may install a partial LSL and that a partial LSL will result in termination of service until such time as the utility can replace the utility-owned LSL. Joint Stipulation of Facts ¶ 72.

71. The pro forma tariff supplements require that a customer, or property owner where the customer is not the property owner, who elects to replace the COLSL themselves, must replace the COLSL concurrent with the utility replacing the utility-owned LSL, provided that the customer or property owner shall provide at least 90 days' notice prior to replacing the COLSL. Joint Stipulation of Facts ¶ 73.

72. The pro forma tariff supplements provide for the reimbursement of eligible customers or property owners, if the customer is not the property owner, who replaced their LSL within 1 year before or after the commencement of a LSLR Project. Joint Stipulation of Facts ¶ 74.

73. The pro forma tariff supplements provide a two-year warranty to the customer or property owner, if the customer is not the property owner, on the workmanship and materials of the LSLR and the restoration of surfaces. The two-year warranty begins upon the re-establishment of water service to the property after the LSLR has occurred. Joint Stipulation of Facts ¶ 75.

74. The Rhodes Water Utilities' LSLR Plan mirrors Aqua's own Commission-approved LSLR Plan, which will allow Aqua to seamlessly administer the Rhodes Water Utilities' LSLR Plan and incorporate the Rhodes Water Utilities' lead service line replacement efforts into its own LSLR Plan should Aqua ultimately acquire the Rhodes Water Utilities' systems. Joint Stipulation of Facts ¶ 76.

IV. DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission's Rules of Practice and Procedure, 52 Pa. Code § 5.231, the parties explored the possibility of settlement. As a result of settlement discussions, the parties achieved a settlement in principle under which all issues are resolved. The Settlement, which is fully executed by Aqua, as the Receiver for the Rhodes Water Utilities, OCA, and OSBA consists of 10 pages. The Settlement includes Exhibits A-C, and, as appendices, the Statements in Support of Settlement from Aqua, OCA, and OSBA.

Joint Petitioners agree to the Settlement terms⁶ set forth below:

11. The Rhodes Water Utilities' LSLR Program, as submitted by Aqua as Receiver for VWC, and as applied to all the Rhodes Water Utilities,⁷ is approved, subject to the following modifications. Aqua, as Receiver, shall be responsible for implementing the Rhodes Water Utilities' LSLR Program until such time when Aqua is neither Receiver nor owner of the Rhodes Water Utilities. If Aqua becomes the owner of the Rhodes Water Utilities at the conclusion of the Section 529 Proceeding, Aqua's LSLR Program will control replacement of lead service lines in the Rhodes Water Utilities service territory and

⁶ Settlement, ¶¶ 11-20. These Settlement terms are provided here *verbatim*.

⁷ See note 1, *supra*.

the VWC LSLR Plan will end.⁸ A copy of the Rhodes Water Utilities updated LSLR Program is attached to this Settlement as **Exhibit A**.

12. The Rhodes Water Utilities' pro forma tariff supplements containing the proposed changes necessary to implement the LSLR Program is attached to the Settlement as **Exhibit B**. In addition, Aqua has provided the information and supporting data required by 52 Pa. Code § 53.52(a), related to revisions and supplements to a utility's tariff, which was attached as Exhibit C to Aqua's Petition for Approval of VWC's Lead Service Line Replacement Program. Aqua has updated the supporting data to provide information for the Rhodes Water Utilities and is attached hereto as **Exhibit C**.

13. In accordance with the U.S. Environmental Protection Agency's ("EPA") Lead and Copper Rule Improvements, the Rhodes Water Utilities will complete replacement of all lead service lines identified through its Service Line Inventory by December 31, 2037, or such other date as modified by the EPA or Pennsylvania Department of Environmental Protection ("DEP").

14. The Rhodes Water Utilities will share with the OCA and the OSBA the communications, outreach, and education materials referenced in paragraph 61 of the Company's Petition and developed by the Rhodes Water Utilities in compliance with 52 Pa. Code § 65.56(c) promptly after such materials are finalized or updated by the Rhodes Water Utilities and used by the Rhodes Water Utilities in connection with the LSLR Program.

⁸ Aqua's LSLR Program was previously approved by the Commission and contains terms substantially the same as VWC's LSLR Program. *Petition of Aqua Pennsylvania, Inc. For Approval of its Lead Service Line Replacement Program*, Docket No. P-2023-3044459, Order entered April 10, 2025.

15. The Rhodes Water Utilities will make written communications to consumers – Exhibits A through Q of the LSLR Program – available in English with a notation in Spanish as to how to request the documents in Spanish and an additional notation as to how to request the documents in the other top two non-English languages spoken in Aqua’s service territory. In addition, the Rhodes Water Utilities will create a notification letter to the consumer for Exhibit K – Pitcher Filter – with notations to request instructions for use of pitcher filter in Spanish and the other top two non-English languages spoken in Aqua’s service territory. The top two non-English languages spoken, other than Spanish, will be based on the top two most spoken languages throughout Aqua’s entire footprint.

16. Following the completion of the Rhodes Water Utilities’ Lead Service Line (“LSL”) projects in a project area set forth in the Plan, in the event the Company finds lead in a Company or customer owned service line in said completed project area, the Company will provide a report detailing the location, number of affected pipes, and the replacement date to the Commission and the statutory advocates in the Company’s Annual Asset Optimization Plan (“AAOP”) during Aqua’s Receivership duties.

17. The Rhodes Water Utilities’ Service Line Inventory will provide zip code information which can be used to identify service lines that have been inventoried and those identified as LSL or Galvanized Requiring Replacement (“GRR”).

18. During Aqua’s Receivership duties, Aqua will report as part of Aqua’s AAOP, by zip code, the number of customer-owned lead service lines (“COLSL”) replaced in the preceding year in the Rhodes Water Utilities’ service territories.

19. The Rhodes Water Utilities will utilize tools available (e.g., the Pennsylvania Department of Environmental Protection’s PennEnviroScreen tool or

Justice40 Initiative) to identify environmental justice areas and high levels of children's lead risk for targeting of inventory and replacement.

20. In accordance with 52 Pa. Code § 65.58(c)(3), the Rhodes Water Utilities shall include a section in their tariffs providing Step-In Rights to address replacement of a Customer Owned Lead Service Line ("COLSL") to avoid termination of service when a property owner who is not the Resident is nonresponsive to an entity's offer to replace a COLSL. The tariff language shall be as follows:

A. Step In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step-In Rights means the right of the Utility to avoid termination of service to a property where the resident of the Property is not the property owner, and the property owner is nonresponsive to the Utility's offer to replace a COLSL.

The Utility can utilize Step-In Rights in the following circumstances where a Customer or occupier of a premise is not the property owner.

1. The Utility has attempted to contact the property owner with an offer to replace the COLSL in accordance with the Utility's LSLR Plan;
2. The Customer or the occupier of the Property is not the property owner; and
3. The Utility has attempted to get authorization to replace the COLSL, the property owner cannot be identified, or the property owner has been notified and has not responded to the Utility's offer to replace the COLSL.

B. Circumstances Where the Utility Must Use Step-In Rights.

1. The Utility shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer or occupant of the Property provides a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Utility by fax, email or mail (providing the contact information).

2. The Utility shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer provides a Protection From Abuse (PFA) order, or other court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence.

3. The Utility shall use Step-In Rights to avoid the termination of water service to the Customer or the occupant of the Property except when, in the Utility's reasonable judgement, replacement would place its workers or utility facilities at a safety risk and in such instance, the Utility may use Step-In Rights at its discretion.

C. After the replacement is complete, the Utility will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations caused by the service line replacement in the structure at the Property (Utility Restoration Work). No other restoration will be conducted for the Customer side replacement. The Utility will not replace any landscaping, interior finishes, paving, seeding, or walkways (Private Side Restoration Work), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Utility exercises Step-In Rights, the Utility's liability shall be limited to the amount in Section 51 of its Water Tariff for any action brought against the Utility, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suit and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Utility or its agents in replacing the customer-owned LSL and/or the Utility Restoration Work that the Utility is responsible for under subsection C above.

For any service termination performed at the discretion of the Rhodes Water Utilities in compliance with the above tariff language, the Rhodes Water Utilities shall provide a list of terminations of service detailing the affected location, the reason for the

termination, and the service termination date to the Commission and the statutory advocates in Aqua's AAOP during Aqua's Receivership duties.

V. PARTIES' POSITIONS ON THE SETTLEMENT

A. Aqua, as Receiver

Aqua asserts that, if approved, the Settlement will provide benefits to the customers and communities served by the Rhodes Water Utilities, including through the implementation of the detailed LSLR Plan and the incorporation of additional measures designed to enhance customer protections while ensuring LSLs are replaced in a timely and efficient manner. According to Aqua, the Settlement was reached through productive settlement discussions between the Joint Petitioners that considered a broad range of customer interests and the Settlement is consistent with the terms of Aqua's Commission-approved LSLR Plan. Aqua contends that these commitments further the LSL efforts of both Aqua and the Rhodes Water Utilities, meet the requirements of the Public Utility Code and the Commission's regulations, and benefit the health and safety of the public.

Based on the foregoing, Aqua concludes the Settlement should be considered just and reasonable and in the public interest and should be approved without modification.

According to Aqua, the LSLR Plan's Lead Service Line Inventory Meets the Requirements of 52 Pa. Code § 65.56(a). Additionally, the LSLR Plan details the planning and replacement procedures as required by 52 Pa. Code § 65.56(b). Aqua St. in Support, pp. 5-12.

Under Section 65.56(a) of the Commission's regulations, an entity's LSLR plan must contain a service line inventory that complies with the U.S. Environmental

Protection Agency's (U.S. EPA) regulations at 40 CFR 141.1-143.20 as enforced by the Department of Environmental Protection (DEP). 52 Pa. Code § 65.56(a). Consistent with these requirements, Aqua, on behalf of the Rhodes Water Utilities, has and is continuing to develop its Service Line Inventory, as detailed in the LSLR Plan (Settlement Exhibit A), using all available sources of information to establish service line material designations for both Rhodes Water Utilities and customer owned service lines. A breakdown of the Service Line Inventory Summaries is provided in Tables 1.a. through 1.f of the LSLR Plan. Settlement Exhibit A, pp. 6-7. Through the Rhodes Water Utilities' LSLR Plan, Aqua has committed to updating the Rhodes Water Utilities' Service Line Inventory as progress is made on completing the inventory and if any new water systems are acquired by VWC. Settlement Exhibit A, p. 6; Aqua St. in Support, p. 5.

Section 65.56(b) of the Commission's regulations requires that an entity's LSLR plan must contain a section addressing LSLR planning and replacements, and details the specific planning and replacement requirements that must be included within LSLR plans. 52 Pa. Code § 65.56(b). According to Aqua, the Rhodes Water Utilities LSLR Plan contains projected annual investment and sources of financing for the LSLR Plan, as well as the projected LSLRs per calendar year and a description of how the projection was developed. 52 Pa. Code § 65.56(b)(1)-(2). Aqua, as Receiver, proposed a cap of up to 10 replacements annually in each of the Rhodes Water Utilities systems between 2024 and 2028. Settlement Exhibit A, p. 8, Tables 2.a. through 2.f. While Aqua will replace lead service lines if found during an emergency repair, Aqua does not anticipate significant LSLR activities in the Rhodes Water Utilities' service territories. Settlement Exhibit A, p. 7. Anticipated sources of financing for the replacements include cash on hand and short term debt of Aqua that will be booked under deferred accounting and recovered after the final determination of ownership in the Section 529 Proceeding, in accordance with the terms of the Receivership. Settlement Exhibit A, p. 7. Aqua is currently reviewing and verifying tap card information for the Rhodes Water Utilities.

Aqua St. in Support, pp. 5-6. The Rhodes Water Utilities' current Service Line Inventory is laid out in Tables 1.a. through 1.f., of the LSLR Plan and will not be reproduced here. Settlement Exhibit A, pp. 6-7. The projections for 2024-2028 are consistent with Aqua's proposed annual cap for the VWC system in the LSLR Plan. Settlement Exhibit A, p. 8; Aqua St. in Support, pp. 6-7.

The LSLR Plan also details the prioritization criteria for LSLRs. *See* 52 Pa. Code § 65.56(b)(3). Specifically, Aqua considered the following prioritization criteria when developing the LSLR Plan: (1) emergency repairs revealing LSLs; (2) homes with elevated lead concentrations in tap samples; (3) schools and licensed day care facilities; and (4) homeowners that request replacements. *See* Settlement Exhibit A, pp. 8-9; Aqua St. in Support, p. 7.

The Rhodes Water Utilities' LSLR Plan contains processes and procedures to address emergency repairs and replacements which reveal LSLs, for both customer-owned and VWC-owned LSLs. 52 Pa. Code § 56.65(b)(4). When Aqua uncovers a customer-owned LSL (COLSL) while completing emergency repairs to the Rhodes Water Utilities systems, Aqua will contact the customer/owner and provide them with the information and materials in Section II.B.6 of the LSLR Plan and prioritize the replacement of the entire service line, both Rhodes Water Utilities and customer side. When Aqua uncovers a Rhodes Water Utilities-owned LSL while completing emergency repairs to its system, Aqua will replace the Rhodes Water Utilities service line up to the curb stop but will not make the connection, and this excavation will reveal the customer-side material. Upon verification that the customer's service line is not lead, Aqua will complete the Rhodes Water Utilities-side replacement and restore service to the property. Aqua will provide the customer with information regarding lead, pitcher filters, and flushing instructions. If the customer's service line material is lead or galvanized service line requiring replacement (GRR), Aqua will neither make the connection nor restore service, and Aqua will provide the resident with the information and materials in Section

II.B.6. and immediately coordinate and prioritize replacement of the customer LSL. Settlement Exhibit A, p. 9; Aqua St. in Support, pp. 7-8.

Further, the Rhodes Water Utilities' LSLR Plan details the processes and procedures to obtain acceptance of a LSLR prior to project commencement when the customer is and is not the property owner. 52 Pa. Code § 65.56(b)(5). If main replacements are required, Aqua or its third-party representatives will send letters to customers to request authorization to gain access to a structure to review the material type of the customer's service line. Aqua personnel or Aqua's third-party vendor will visit each customer premise with an unknown service line material in a main replacement project to identify the material type of the customer service line. Aqua will also be developing additional survey materials to engage customers/residents to assist Aqua in completing the VWC Service Line Inventory. If Aqua uncovers a Rhodes Water Utilities LSL or a customer LSL during maintenance or construction activities, Aqua will provide a form to the resident if the resident is at the premise or will post the form if the resident is not at the premise and attempt to contact the resident via phone to follow up with further information. If there is no response to the investigation letter or form, Aqua will follow the provisions of Section II.B.5 of the LSLR Plan detailing further contact attempts to be made and, if necessary, shut-off procedures. After making contact with the resident and identifying the presence of a customer LSL, Aqua personnel will ask whether the resident is the owner or renter of the building. If the customer is the owner, and they agree to participate in the replacement, then Aqua will provide the information and materials in Section II.B.6 of the LSLR Plan. If the resident/customer is the owner and refuses to participate in the replacement, Aqua will follow the provisions of Section II.B.10 of the LSLR Plan. If the resident is not the property owner, Aqua will obtain the owner's contact information from the customer and call the owner to explain the program to the owner and provide the owner with a copy of the Customer Lead/Galvanized Service Line Replacement Agreement (Replacement Agreement). If Aqua does not receive a response to telephone calls to the owner, Aqua will send a letter to the property

owner explaining the program and request that the property owner contact Aqua. If the property owner does not respond, Aqua will explore all options to encourage property owners to participate, such as contacting the municipality and the local code enforcement in which the property is located, and, in certain circumstances, at Aqua's discretion, using Step In Rights as described in Section II.B.10 of the LSLR Plan. If Aqua has not received acceptance after multiple efforts to contact the property owner and obtain the Replacement Agreement, Aqua will initiate the 10-day shut-off process. Settlement Exhibit A, p. 10; Aqua St. in Support, pp. 8-9.

The LSLR Plan contains the processes and procedures Aqua will follow based on the acceptance of a LSLR. 52 Pa. Code § 65.56(b)(5). Initially, Aqua will provide pertinent information to the customer including: (1) the Customer Lead/Galvanized Service Line Replacement Agreement and postage-prepaid and pre-addressed envelope to Aqua; (2) the Lead Fact Sheet providing educational information about lead in drinking water; (3) the Information Sheet explaining the Lead Service Line Replacement Program; (4) post-COLSL replacement flushing instructions; and (5) a pitcher filter with six months of replacement cartridges. The Replacement Agreement allows a third-party licensed professional to enter the property and complete the LSLR, confirms the ownership of the service line following installation, provides a warranty on the work completed, and requires that the contractor install the replacement service line and restore the property as reasonably as practicable to the condition that existed prior to the LSLR. Following replacement, Aqua personnel will visit the customer's property within 5 business days after the COLSL replacement to reinstall or exchange the meter. In closing out the project, Aqua provides a letter to the customer 3-6 months post-replacement confirming that the newly installed customer service line has been transferred back to the customer/property owner, confirming the warranty for the completed work, and offering post-replacement 5th liter lead sampling and testing. Settlement Exhibit A, p. 10-11; Aqua St. in Support, p. 10.

Consistent with the Commission's regulations, the LSLR Plan details lead and material recycling and disposal efforts. 52 Pa. Code § 65.56(b)(7). When a customer LSLR occurs, Aqua's vendors will make an attempt to pull the entire length of the line which reduces excavation and restoration costs. However, often the line cannot be pulled through and is abandoned in place. Aqua's third party vendors who complete the replacements will dispose of any lead material removed at recycling centers. No proceeds will be provided to Aqua of the recycled material removed by the vendors. For Rhodes Water Utilities side LSL replacements, Aqua will attempt to pull the entire length of the line, which reduces excavation and restoration costs. However, often the line cannot be pulled through and is abandoned in place. Any lead material removed during a Rhodes Water Utilities side LSL replacement will be brought back to Aqua's division office and put in Aqua's recycling containers to be taken to the recycling center. The scrap metal that is recycled will be charged to a deferred regulatory asset. Settlement Exhibit A, p. 12; Aqua St. in Support, pp. 10-11.

The LSLR Plan also contains a commitment to adhere to industry accepted practices in the replacement of service lines. 52 Pa. Code § 65.56(b)(8). Aqua will adhere to the provisions of the Rhodes Water Utilities tariffs regarding replacement of Rhodes Water Utilities service lines. In addition, Aqua will require Aqua personnel and its contractors to comply with any applicable plumbing codes related to customer-side service line replacement. Aqua will follow Commission regulations regarding LSLRs, including prevention of partial service line replacements and termination of service provisions, as needed, to prevent partial LSL replacements. Settlement Exhibit A, p. 12; Aqua St. in Support, p. 11.

The LSLR Plan details how the acquisition of water systems will be integrated into the Rhodes Water Utilities LSL replacement efforts. 52 Pa. Code § 65.56(b)(9). Aqua does not foresee the Rhodes Water Utilities acquiring any additional water systems while it is operating the Rhodes Water Utilities systems under the

Receivership. If the Rhodes Water Utilities acquire a water system prior to the deadline for water systems to complete their Service Line Inventories, Aqua will take over the water system's efforts, if any, to identify and incorporate the service line materials of the system into the Rhodes Water Utilities' overall Service Line Inventory. This will include the efforts described in Section II.A of the LSLR Plan. In the event that any water systems are acquired by the Rhodes Water Utilities after the deadline to complete Service Line Inventories, Aqua will incorporate the acquired system's completed inventory into the Rhodes Water Utilities' Service Line Inventory. Settlement Exhibit A, p. 12; Aqua St. in Support, pp. 11-12.

The LSLR Plan explains the procedure regarding refusal of the offer to replace a COLSL. 52 Pa. Code § 65.56(b)(10). During a LSLR project, if the resident/property owner refuses to replace a LSL, and Aqua has either made contact with the resident/property owner and they refuse, or where the resident/property owner is non-responsive to the requests to replace the customer LSL, Aqua will initiate termination procedures. Termination procedures include posting of 10-day shut off notices and other required contacts under the Commission's regulations. When Aqua provides the 10-day shut off notice to the customer (either through delivery or posting at the customer's premises), Aqua will also provide the Customer Refusal Letter, the Lead Fact Sheet describing the health hazards of lead service lines, and the Lead Service Line Program Information Sheet, which explains the requirements for reimbursement and the potential for termination of service. In certain circumstances, Aqua may use Step-In Rights as described in the Rhodes Water Utilities' tariffs to perform a replacement where it is in the public interest and would avoid termination of service to a customer that is not the property owner. Settlement Exhibit A, pp. 12-13; Aqua St. in Support, p. 12.

According to Aqua, the LSLR Plan includes communications, outreach and education that comply with 40 CFR 141.85. Pursuant to Section 65.56(c) of the Commission's regulations, the Rhodes Water Utilities' LSLR Plan contains a section

addressing communications, outreach, and education that complies with the U.S. EPA’s regulations at 40 CFR 141.85 (relating to public education and supplemental monitoring and mitigation requirements). 52 Pa. Code § 65.56(c). A full list of all printed and broadcast materials Aqua plans on distributing to further LSL replacement efforts is included in the LSLR Plan, and copies of the materials are attached as Exhibits to the LSLR Plan. According to Aqua, these materials may change, be updated from time to time, or new materials added as the LSLR Program evolves. The LSLR Plan also includes information regarding the portion of Aqua’s website housing information related to its LSLR Plan. Instead of developing a website specific to the Rhodes Water Utilities systems, Aqua will incorporate information on the Rhodes Water Utilities’ LSLR Program on Aqua’s website. Aqua has developed a section of its website that houses information related to lead and its LSLR Program,⁹ which provides information on sources of lead, the health effects of lead, Aqua’s compliance with lead requirements, flushing instructions post-replacement, a video showing how to take a sample with the sample bottles provided by Aqua, and how residents can protect against lead exposure. Aqua has developed an online tool to show service line material which is available on Aqua’s publicly facing website.¹⁰ Aqua is also developing an online tool to show the replacement schedule by geographical location, six months into the future, and allow customers/owners to determine if they are within the required radius of a project and within the required time of the commencement of a project, thereby allowing customers to determine their eligibility for reimbursement for replacements. Aqua plans to incorporate information related to the Rhodes Water Utilities within this online tool. Settlement Exhibit A, pp. 13-15; Aqua St. in Support, pp. 12-13.

According to Aqua, the Rhodes’ Water Utilities Pro Forma Tariff conforms to the requirements of 52 Pa. Code § 65.58. The Rhodes Water Utilities’ pro forma tariff

⁹ Available at <https://www.aquawater.com/lead>.

¹⁰ Available at <https://www.aquawater.com/leadmap>.

supplements containing the proposed changes necessary to implement the LSLR Program includes the elements required by Section 65.58 of the Commission's regulations, 52 Pa. Code § 65.58, and is attached to the Settlement as Exhibit B. The Rhodes Water Utilities pro forma tariff supplements state that the Rhodes Water Utilities will replace up to 10 COLSLs per year in each of the Rhodes Water Utilities systems under the LSLR Program. Settlement Exhibit B, p. 14.a. of each Rhodes Water Utilities Tariff. The Rhodes Water Utilities' pro forma tariff supplements also specify that the Customer's service line extends from the curb, property line or utility connection to the utility's water meter or, if the utility's water meter is located outside of the structure or water is not metered by the utility, at the first shutoff valve located within the interior of the structure. *Id.* The pro forma tariff supplements state that no customer or property owner may install a partial LSL and that a partial LSL will result in termination of service until such time as the utility can replace the utility-owned LSL. *Id.* In addition, the supplements require that a customer, or property owner where the customer is not the property owner, who elects to replace the COLSL themselves, must replace the COLSL concurrent with the utility replacing the utility-owned LSL, provided that the customer or property owner shall provide at least 90 days' notice prior to replacing the COLSL. *Id.* The Rhodes Water Utilities' pro forma tariff supplements provide for the reimbursement of eligible customers or property owners, if the customer is not the property owner, who replaced their LSL within 1 year before or after the commencement of a LSLR Project. *Id.* at p. 14.d. of each Rhodes Water Utilities Tariff. Finally, the supplements provide a two-year warranty to the customer or property owner, if the customer is not the property owner, on the workmanship and materials of the LSLR and the restoration of surfaces. The two-year warranty begins upon the re-establishment of water service to the property after the LSLR has occurred. *Id.* at p. 14.e. of each Rhodes Water Utilities Tariff; Aqua St. in Support, pp. 13-14.

In addition to the LSLR Plan, Aqua has provided the information and supporting data required by 52 Pa. Code § 53.52(a), related to revisions and supplements

to a utility's tariff, which was attached as Exhibit C to Aqua's Petition for Approval of VWC's Lead Service Line Replacement Program. Aqua has updated the supporting data to provide information for the Rhodes Water Utilities and is attached to the Settlement Petition as Exhibit C. Aqua St. in Support, pp. 14-15.

The Rhodes Water Utilities' LSLR Plan, as modified by the terms and conditions of the Settlement, includes and/or addresses all of the elements prescribed by Section 1311(b) of the Public Utility Code, the Commission's regulations, and the Commission's Rulemaking Order regarding LSLR plans. Moreover, the Rhodes Water Utilities' LSLR Plan mirrors Aqua's own Commission-approved LSLR Plan, which will allow Aqua to seamlessly administer the Rhodes Water Utilities' LSLR Plan and incorporate the Rhodes Water Utilities' lead service line replacement efforts into its own LSLR Plan should Aqua ultimately acquire the Rhodes Water Utilities' systems. Approval of the LSLR Plan, as modified by the Settlement, is in the public interest. Aqua St. in Support, p. 15.

Next, Aqua explains the benefits of the Settlement terms. The Joint Petitioners negotiated the addition of specific requirements into the LSLR Plan to address concerns related to increasing the accessibility of customer communications, confirming transparency in reporting the Rhodes Water Utilities' LSLR efforts during the Plan period, and clarifying the use of Step-In Rights to address replacement of a COLSL to avoid termination. According to Aqua, these terms are also consistent with the terms reached in settlement of Aqua's LSLR Plan at Docket No. P-2023-3044459, which will allow Aqua to efficiently carry out lead service line replacement in the Rhodes Water Utilities service territories in line with its own LSLR Plan. Aqua St. in Support, p. 15.

According to Aqua, the Settlement increases the accessibility of the Plan's outreach materials. Under Paragraph 15 of the Settlement, the Rhodes Water Utilities will make written communications to consumers – Exhibits A through Q of the LSLR

Program – available in English with a notation in Spanish as to how to request the documents in Spanish and an additional notation as to how to request the documents in the other top two non-English languages spoken in Aqua’s service territory. Settlement ¶ 15.¹¹ In addition, the Rhodes Water Utilities will create a notification letter to the consumer for Exhibit K – Pitcher Filter – with notations to request instructions for use of pitcher filter in Spanish and the other top two non-English languages spoken in Aqua’s service territory. The top two non-English languages spoken, other than Spanish, will be based on the top two most spoken languages throughout Aqua’s entire footprint. Settlement ¶ 15. In addition, Paragraph 14 of the Settlement requires Aqua to share with OCA and OSBA the communications, outreach, and education materials referenced in Aqua’s Petition and developed in compliance with 52 Pa. Code § 65.56(c) promptly after such materials are finalized or updated by the Rhodes Water Utilities and used by the Rhodes Water Utilities in connection with the Plan. Settlement ¶ 14; Aqua St. in Support, p. 16.

According to Aqua, by making the Rhodes Water Utilities’ LSL outreach materials available to customers in Spanish and the other top two non-English languages spoken in Aqua’s service territory, the Rhodes Water Utilities’ efforts to replace LSLs will be more accessible to their customers, allow for greater understanding of the LSLR Plan, and increase the education of customers surrounding the dangers of lead, the importance of replacement, and the resources available. In addition, by providing the OCA and OSBA access to the outreach materials in a timely manner, additional input from consumer advocates is available to the Company and will help ensure that the outreach materials address the needs of all its customers. For these reasons, Aqua asserts these Settlement provisions are in the public interest and should be approved. Aqua St. in Support, pp. 16-17.

¹¹ Because of the small size of the Rhodes Water Utilities’ service territory, and Aqua’s position as Receiver, it is not practical to identify languages actually spoken in the Rhodes Water Utilities service territories.

Paragraphs 13 and 16 through 19 of the Settlement require Aqua to detail and make public certain details of the Rhodes Water Utilities' LSLR efforts throughout the period of the LSLR Plan. Initially, Paragraph 13 of the Settlement clarifies that the Rhodes Water Utilities will complete replacement of all lead service lines identified through its Service Line Inventory by December 31, 2037, in accordance with the U.S. EPA's Lead and Copper Rule Improvements. Settlement ¶ 13. Paragraphs 16 through 18 specify that Aqua will include the following information related to LSLRs in its Annual Asset Optimization Plan (AAOP) during Aqua's Receivership duties: (1) after completion of LSLR projects in a project area, if Aqua finds lead in a utility or customer owned service line in the completed project area, Aqua will report on the location, number of affected pipes, and replacement date of LSL; and (2) reporting, by zip code, the number of COLSL replaced in the preceding year in the Rhodes Water Utilities' service territories. Settlement ¶¶ 16, 18. The Rhodes Water Utilities' Service Line Inventory will provide zip code information which can be used to identify service lines that have been inventoried and those identified as LSL or GRR. Settlement ¶ 17. Finally, the Settlement requires Aqua to use tools available, such as the Pennsylvania Department of Environmental Protection's PennEnviroScreen tool or Justice40 Initiative, to identify environmental justice areas and high levels of children's lead risk for targeting of inventory and replacement. Settlement ¶ 19; Aqua St. in Support, p. 17.

According to Aqua, these provisions of the Settlement increase transparency of both the progress of the Rhodes Water Utilities' LSLR Plan efforts as well as the locations of LSLs identified in the Rhodes Water Utilities' service territories. Incorporating zip code information related to LSL projects will provide the Commission, the statutory advocates and other interested parties, as well as the general public important information regarding the location of LSLs within the Rhodes Water Utilities' service territories. Reporting will be made as part of Aqua's AAOP because the Rhodes Water Utilities do not have approved LTIIPs and, therefore, are not subject to the Commission's AAOP reporting requirements. Finally, the use of advanced tools to

identify high risk communities will enable Aqua to identify and prioritize these areas for replacement of LSLs. For these reasons, Aqua asserts that these Settlement provisions are in the public interest and should be approved. Aqua St. in Support, pp. 17-18.

Settlement Paragraph 20 clarifies the use of Step-In Rights to address replacement of a COLSL to avoid termination of service when a property owner who is not the resident is not responsive to the utility's offer to replace a COLSL. Paragraph 20 of the Settlement contains the tariff language defining Step-In Rights and detailing the instances in which Step-In Rights can be utilized if a resident of a premise is not the property owner. Settlement ¶ 20. Importantly, the tariff language also specifies that the utility must use Step-In Rights to avoid termination when a valid medical certification or Protection From Abuse order (or other court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence) is provided by the customer. The Settlement also requires Aqua to provide in Aqua's AAOP a list of any terminations performed at the discretion of Aqua in compliance with the new tariff language, which details the affected location, the reason for the termination, and the service termination date to the Commission and statutory advocates during Aqua's Receivership duties. Settlement ¶ 20; Aqua St. in Support, p. 18.

The addition of language clarifying and setting forth the duties in exercising Step-In Rights related to the discovery of COLSLs was reached through considered negotiations by the Joint Petitioners. The tariff language explains the utility's duties and alerts customers of their rights to provide eligible documentation to avoid termination in the context of COLSL replacements. The reservation of its Step-In Rights in this manner balances the interests of the utility and customers by ensuring that replacement of LSLs can be carried out while also providing protections for customers who do not own the subject property. For these reasons, Aqua asserts that these Settlement provisions are in the public interest and should be approved. Aqua St. in Support, pp. 18-19.

B. OCA

According to OCA, the adoption of the Settlement results in an LSLR Plan with enhanced communications, greater transparency, and a clearer delineation of responsibilities compared to what was originally proposed. In consideration of the various elements of the Settlement, OCA finds the Settlement to be in the public interest and in the interest of Rhodes Water Utilities' customers. OCA asserts the terms and conditions of the Settlement should be approved by the Commission.

According to OCA, the proposed LSLR program and plan will allow the Rhodes Water Utilities to recover the costs for LSL replacements, both Company-owned and customer-owned, through its base rates and DSIC. 66 Pa.C.S. § 1311(b)(2). For customers, the LSLR plan has the potential to provide both financial and public health benefits. OCA St. in Support, p. 3.

Section 1311(b)(2) of the Public Utility Code provides a process to eliminate the individual financial burden for replacing customer-owned LSLs by recovering those costs over the Rhodes Water Utilities' entire customer base. If a customer could not have otherwise afforded the replacement of the line, the customer will be able to maintain essential water service. Lead service lines also pose a direct health risk to customers. An LSLR program can protect public health by helping to ensure the timely removal of the customer-owned LSL. OCA St. in Support, p.3.

Under the Settlement, Rhodes Water Utilities' LSLR Program, as submitted by Aqua as Receiver for VWC, is approved, subject to the modifications contained in the Settlement. Settlement ¶ 11. Aqua, as Receiver, shall be responsible for implementing Rhodes Water Utilities' LSLR Program until such time when Aqua is neither Receiver nor owner of Rhodes Water Utilities. *Id.* If Aqua becomes the owner of Rhodes Water Utilities at the conclusion of the Section 529 Proceeding at Docket No. P-2020-3020914,

Aqua's LSLR Program will control replacement of lead service lines in Rhodes Water Utilities' service territory and the VWC LSLR Plan will end. *Id.*; OCA St. in Support, p. 3.

The settlement of Aqua's LSLR Program was approved by the Commission without modification and is substantively similar to VWC's LSLR program. *See Petition of Aqua Pennsylvania, Inc. For Approval of its Lead Service Line Replacement Program*, Docket No. P-2023-3044459 (Order entered Apr. 10, 2025) (*Aqua LSLR Petition Order*). OCA, as a signatory to the settlement of Aqua's LSLR Program, submitted a Statement in Support in the Aqua LSLR Program proceeding. *Id.* at 2. As Rhodes Water Utilities is under the receivership of Aqua, OCA asserts that aligning the LSLR programs is reasonable and in the public interest. OCA St. in Support, pp. 3-4.

On November 30, 2023, the U.S. Environmental Protection Agency (EPA) proposed the Lead and Copper Rule Improvements (LCRI), which includes a requirement for water systems to achieve 100% lead pipe replacement within 10 years.¹² LSLs pose a direct health risk to customers. An LSLR program can protect public health by helping to ensure the timely removal of the customer-owned LSL. OCA St. in Support, p. 4.

Under the Settlement, in accordance with the EPA's LCRI, Rhodes Water Utilities will complete replacement of all lead service lines identified through its Service Line Inventory by December 31, 2037, or such other date as modified by the EPA or Pennsylvania Department of Environmental Protection (DEP). Settlement ¶ 13; OCA St. in Support, p. 4.

¹² United States Environmental Protection Agency, Proposed Lead and Copper Rule Improvements, available at: <https://www.epa.gov/ground-water-and-drinking-water/proposed-lead-and-copper-rule-improvements> (previously accessed on Apr. 17, 2025).

OCA asserts that replacing lead service lines as soon as practicable is crucial to public safety. Committing Rhodes Water Utilities to the EPA's LCRI time period is a step towards ensuring that Rhodes Water Utilities replaces its lead service lines within a reasonable time frame. OCA St. in Support, p. 4.

Under the Settlement, Rhodes Water Utilities will make written communications to consumers – Exhibits A through Q of the Plan, available in English with a notation in Spanish as to how to request the documents in Spanish and an additional notation as to how to request the documents in the other top two non-English languages spoken in the service territory. Settlement ¶ 15. The top two non-English languages spoken, other than Spanish, will be based on the top two most spoken languages throughout Rhodes Water Utilities' entire footprint. *Id.* Moreover, Rhodes Water Utilities will create a notification letter to the consumer for Exhibit K – Pitcher Filter – with notations to request instructions for use of pitcher filter in Spanish and the other top two non-English languages spoken in the service territory. *Id.* Additionally, Rhodes Water Utilities will share with OCA the communications, outreach, and education materials referenced in Rhodes Water Utilities' Plan and developed by the Company in compliance with 52 Pa. Code § 65.56(c) promptly after such materials are finalized or updated by the Company and used by the Company in connection with the Plan. Settlement ¶ 14; OCA St. in Support, pp. 4-5.

According to OCA, ensuring that Rhodes Water Utilities' customers can understand written communication material on this important public health issue was a serious concern of OCA in negotiating this Settlement. Moreover, sharing important communications materials regarding public health with the OCA increases transparency. OCA asserts that the Settlement's language access provisions enhance Rhodes Water Utilities' communication efforts regarding this important public health issue. OCA St. in Support, p. 5.

The Settlement requires Rhodes Water Utilities to provide additional data regarding the LSLR Plan in their Annual Asset Optimization Plan (AAOP) and lead service line inventory. Under the Settlement, following the completion of Rhodes Water Utilities' Lead Service Line (LSL) projects in a project area set forth in the LSLR Program, in the event the Company finds lead in a company or customer owned service line in said completed project area, the Company will provide a report detailing the location, number of affected pipes, and the replacement date to the Commission and the statutory advocates in the Company's AAOP during Aqua's Receivership duties. Settlement ¶ 16. Rhodes Water Utilities' Service Line Inventory will provide zip code information which can be used to identify service lines that have been inventoried and those identified as LSL or Galvanized Requiring Replacement (GRR). Settlement ¶ 17. During Aqua's Receivership duties, Aqua will report as part of Aqua's AAOP, by zip code, the number of COLSLs replaced in the preceding year in the Rhodes Water Utilities' service territory. Settlement ¶ 18; OCA St. in Support, pp. 5-6.

According to OCA, providing additional data regarding LSLRs enhances transparency and accountability. Importantly, data organized by zip code can identify patterns and assess the effectiveness of LSLR efforts. Enhanced transparency and accountability regarding LSLRs is in the public interest. OCA St. in Support, p. 6.

Under the Settlement, Rhodes Water Utilities will utilize tools available (e.g., the Pennsylvania Department of Environmental Protection's PennEnviroScreen tool or Justice40 Initiative) to identify environmental justice areas and high levels of children's lead risk for targeting of inventory and replacement. Settlement ¶ 19. OCA asserts that using these tools will help Rhodes Water Utilities prioritize LSLRs within vulnerable populations. OCA finds this provision is in the public interest. OCA St. in Support, p. 6.

Section 65.58(c)(3) of the Commission's Regulations provides:

An entity may establish a process to address replacement of a customer-owned LSL to avoid termination of service when a property owner who is not the customer is nonresponsive to an entity's offer to replace a customer-owned LSL.

52 Pa. Code § 65.58(c)(3).

In accordance with 52 Pa. Code § 65.58(c)(3), Rhodes Water Utilities will include a section in its tariff providing Step-In Rights to address replacement of a COLSL to avoid termination of service when a property owner who is not the Resident is nonresponsive to an entity's offer to replace a COLSL. Settlement ¶ 20.

The agreed-upon tariff language provides specifically as follows:

A. Step In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step-In Rights means the right of the Company to avoid termination of service to a property where the resident of the Property is not the property owner, and the property owner is nonresponsive to the Company's offer to replace a COLSL.

The Company can utilize Step-In Rights in the following circumstances where a Customer or occupier of a premise is not the property owner.

1. The Company has attempted to contact the property owner with an offer to replace the COLSL in accordance with the Company's LSLR Plan;
2. The Customer or the occupier of the Property is not the property owner; and
3. The Company has attempted to get authorization to replace the COLSL, the property owner cannot be identified, or the property owner has been notified and has not responded to the Company's offer to replace the COLSL.

B. Circumstances Where the Company Must Use Step-In Rights.

1. The Company shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer or occupant of the Property provides a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information).

2. The Company shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer provides a Protection From Abuse (PFA) order, or other court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence.

3. The Company shall use Step-In Rights to avoid the termination of water service to the Customer or the occupant of the Property except when, in the Company's reasonable judgement, replacement would place its workers or utility facilities at a safety risk and in such instance, the Company may use Step-In Rights at its discretion.

C. After the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations caused by the service line replacement in the structure at the Property (Company Restoration Work). No other restoration will be conducted for the Customer side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways (Private Side Restoration Work), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Company exercises Step-In Rights, the Company's liability shall be limited to the amount in Section V of its Water Tariff for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury,

including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suit and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company or its agents in replacing the COLSL and/or the Company Restoration Work that the Company is responsible for under subsection C above.

Settlement ¶ 20; OCA St. in Support, pp. 6-8.

Additionally, the Settlement requires that, for any service termination performed at the discretion of Rhodes Water Utilities in compliance with the above tariff language, Rhodes Water Utilities shall provide a list of terminations of service detailing the affected location, the reason for the termination, and the service termination date to the Commission and the statutory advocates in Aqua's AAOP during Aqua's Receivership duties. Settlement ¶ 20; OCA St. in Support, p. 8.

Including Step-In Rights for COLSL replacements benefits Rhodes Water Utilities, customers, and residents affected by COLSL replacements. For customers and residents, Step-In Rights helps prevent the termination of vital water service, which can be harmful for customers. With the tariff language in the Settlement, if a property owner is nonresponsive, the COLSL replacement can still be performed without termination of water service. Moreover, specific Step-In Rights provisions related to medical certification and Protection From Abuse (PFA) orders helps ensure that vulnerable customers receive continued water service. At the same time, the Step-In Rights in the Settlement provide Rhodes Water Utilities the necessary discretion needed to decide to not step-in and to not perform a replacement where doing the replacement would, in Rhodes Water Utilities' reasonable judgment, place its workers or utility facilities at a safety risk. OCA St. in Support, pp. 8-9.

For Rhodes Water Utilities, the Settlement specifies clear and limited restoration work responsibilities for both Rhodes Water Utilities and property owners and provides clear limitation of liability for Rhodes Water Utilities relating to the replacement and restoration work. It serves the public interest to limit Rhodes Water Utilities' liability when exercising Step-In Rights so that Rhodes Water Utilities can be motivated to complete necessary replacements without exposing Rhodes Water Utilities to unreasonable litigation risk. OCA St. in Support, p. 9.

Given the public health concerns related to lead, the Settlement's Step-In Rights permit Rhodes Water Utilities to take proactive measures to replace COLSLs. Ensuring that all customers and residents do not face prolonged exposure to lead, regardless of the responsiveness of the property owner, promotes equity and the operational efficiency of Rhodes Water Utilities. According to OCA, the Step-In Rights contained in the Settlement serve the public interest, and serve and protect the interests of consumers and the utility alike, and thus should be adopted by the Commission. OCA St. in Support, p. 9.

C. OSBA

OSBA's primary focus in this proceeding has been to make certain that LSLRs proceed at a prudent pace, to limit the rate impact of LSLRs on Venango's ratepayers and applied to all Rhodes Water Utilities' ratepayers, including small business customers. According to OSBA, the Settlement proposes that Aqua will replace all existing Company-owned and customer-owned lead service lines by December 31, 2027, or sooner if a new deadline is established by the Environmental Protection Agency or the Pennsylvania Department of Environmental Protection.¹³ Settlement ¶ 13. OSBA

¹³ The reference to December 31, 2027, is an apparent error, since the Settlement's Paragraph 13 references December 31, 2037.

submits that even if an accelerated 10-year deadline is implemented, the expected rate impact upon Aqua’s small business customers will be de minimis. OSBA St. in Support, p. 2.

OSBA has concluded that the Settlement has addressed the issue of a prudent replacement rate in a just and reasonable manner. OSBA St. in Support, p. 2.

VI. DISCUSSION

Act 120 of 2018 amended Section 1311(b) of the Pennsylvania Public Utility Code (Code), 66 Pa.C.S. § 1311(b), to address lead service line replacement (LSLR) and the recovery of associated costs. The Commission subsequently adopted regulations at 52 Pa. Code §§ 65.51-65.62. *Rulemaking to Implement Act 120 of 2018 at 52 Pa. Code Chapters 65 and 66*, Docket No. L-2020-3019521 (Final Rulemaking Order entered Mar. 14, 2022). The Final Rulemaking Order adopted the requirements set forth in Section 1311(b) of the Public Utility Code, instituted timelines for the removal and replacement of all LSLs within public utility service territories, and established the regulatory requirements for LSLR programs, LSLR plans, and tariff revisions implementing LSLR programs. The final Commission regulations concerning LSLRs became effective on July 23, 2022. *See* 52 Pa. Code §§ 65.51-65.62; 52 Pa.B. 4096.

Pursuant to the provisions of Section 65.65(a) of the Commission’s regulations related to entities that have not received prior Commission approval to perform LSLR activities, a Class C public utility or municipal corporation must file a LSLR program within 2 years of the effective date of the regulations. *See* 52 Pa. Code § 65.55(a).

Act 120 establishes a standard for COLSL replacements as well as the recovery of costs associated with those replacements. Public water utilities must file a

LSLR Plan with the Commission that is consistent with the provisions of Sections 65.54 and 65.55 of the Commission's regulations. *See* 52 Pa. Code §§ 65.54 and 65.55.

Specifically, under Section 65.55(b) of the Commission's regulations, a LSLR program must include the following elements:

(1) A LSLR plan as described in § 65.56 (relating to LSLR plan requirements).

(2) A pro forma tariff or tariff supplement containing the proposed changes necessary to implement the entity's LSLR program as described in § 65.58 (relating to pro forma tariff or tariff supplement requirements).

(3) Information required by the Commission for filings under 66 Pa.C.S. § 1308 (relating to voluntary changes in rates), including statements required by § 53.52(a) (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies).

52 Pa. Code § 65.55(b).

Aqua was established as Receiver of the VWC system by the Commission's Ex Parte Emergency Order dated August 11, 2023, and ratified by the Commission's Ratification Order dated August 24, 2023 at Docket No. M-2023-3042180. Aqua's Receivership under Section 529 was consolidated in *Venango Water Company – Ex Parte Emergency Order Naming Aqua Pennsylvania, Inc. as Receiver; Section 529 Investigation of Venango Water Company; Section 529 Investigation of Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company and Blaine E. Rhodes Sewer Company*, Docket Nos. M-2023-3042180, I-2023-3042312, and P-2024-3045205, Deputy Chief Administrative Law Judge Mark A. Hoyer First Interim Order (Mar. 20, 2024) (Section 529 Proceeding).

On July 22, 2024, Aqua, as Receiver for VWC, filed a Petition seeking approval of VWC’s LSLR Program.¹⁴

Commission policy promotes settlements.¹⁵ Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding.¹⁶ Settlements also eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion, which may entail review of the Commission’s decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a “settlement” reflects a compromise of the positions the parties of interest held, which arguably fosters and promotes the public interest. When

¹⁴ During the Section 529 Proceeding, Aqua was also established as Receiver of five additional water utilities owned and operated by the owner of VWC, i.e., the Blaine Edwin Rhodes Estate. The water utilities of the Rhodes Utilities include CWC, FWC, PWC, SWC, VWC, and WHWC. The Commission’s October 30, 2024 Opinion and Order at Docket No. M-2023-3042180, I-2023-3042312, and P-2024-3045205, which adopted Deputy Chief Administrative Law Judge Mark A. Hoyer’s October 17, 2024 Order Granting Petition for Issuance of an Interim Emergency Order on an Expedited Basis and Certifying Material Question to the Commission, stated “[t]hat the Lead Service Line Replacement (LSLR) Plan filed by Aqua Pennsylvania, Inc., as Receiver for the Venango Water Company currently pending at Docket No. P-2024-3050248, shall apply to Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, and Cooperstown Water Company and the requirements of 52 Pa. Code § 65.55(a) shall be waived so that Aqua Pennsylvania, Inc. shall not be separately required to file LSLR Plans for Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, and Cooperstown Water Company.” Ordering Paragraph 18.

¹⁵ See 52 Pa. Code § 5.231.

¹⁶ See 52 Pa. Code § 69.401.

active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.¹⁷

Under Section 65.56(a) of the Commission's regulations, an entity's LSLR plan must contain a service line inventory that complies with the U.S. EPA's regulations at 40 CFR 141.1-143.20 as enforced by the DEP. 52 Pa. Code § 65.56(a). Consistent with these requirements, Aqua, on behalf of the Rhodes Water Utilities, is continuing to develop its Service Line Inventory, as detailed in the LSLR Plan, using all available sources of information to establish service line material designations for both Rhodes Water Utilities and customer owned service lines. A breakdown of the Service Line Inventory Summaries is provided in Tables 1.a. through 1.f of the LSLR Plan. Settlement Exhibit A, pp. 6-7. Through the Rhodes Water Utilities' LSLR Plan, Aqua has committed to updating the Rhodes Water Utilities' Service Line Inventory as progress is made on completing the inventory and if any new water systems are acquired by VWC. Settlement Exhibit A, p. 6; Aqua St. in Support, p. 5.

Section 65.56(b) of the Commission's regulations requires that an entity's LSLR plan must contain a section addressing LSLR planning and replacements, and details the specific planning and replacement requirements that must be included within LSLR plans. 52 Pa. Code § 65.56(b). The Rhodes Water Utilities LSLR Plan contains projected annual investment and sources of financing for the LSLR Plan, as well as the projected LSLRs per calendar year and a description of how the projection was developed. 52 Pa. Code § 65.56(b)(1)-(2). Aqua, as Receiver, proposed a cap of up to 10 replacements annually in each of the Rhodes Water Utilities systems between 2024 and 2028. Settlement Exhibit A, p. 8, Tables 2.a. through 2.f. While Aqua will replace lead service lines if found during an emergency repair, Aqua does not anticipate significant

¹⁷ *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004).

LSLR activities in the Rhodes Water Utilities' service territories. Settlement Exhibit A, p. 7. Anticipated sources of financing for the replacements include cash on hand and short term debt of Aqua that will be booked under deferred accounting and recovered after the final determination of ownership in the Section 529 Proceeding, in accordance with the terms of the Receivership. Settlement Exhibit A, p. 7. Aqua is currently reviewing and verifying tap card information for the Rhodes Water Utilities. Aqua St. in Support, pp. 5-6. The Rhodes Water Utilities' current Service Line Inventory is laid out in Tables 1.a. through 1.f., of the LSLR Plan. Settlement Exhibit A, pp. 6-7. The projections for 2024-2028 are consistent with Aqua's proposed annual cap for the VWC system in the LSLR Plan. Settlement Exhibit A, p. 8; Aqua St. in Support, pp. 6-7.

The proposed LSLR Plan, as modified by the terms and conditions of the Settlement, is in the public interest because it includes and/or addresses all of the elements prescribed by Section 1311(b) of the Public Utility Code, the applicable Commission regulations, and the Commission's Rulemaking Order. The undersigned concludes that the Settlement will provide substantial public benefits through the implementation of the Rhodes Water Utilities' LSLR Plan, as modified by the terms of the Settlement, which details the Rhodes Water Utilities' LSLR efforts and contains all the requirements for LSLR plans set forth in the Public Utility Code and the Commission's regulations. Further, the Rhodes Water Utilities' LSLR Plan and the terms of the Settlement reached are consistent with Aqua's own Commission-approved LSLR Plan,¹⁸ which will allow the Company to incorporate the Rhodes Water Utilities' systems into its ongoing lead service line replacement efforts. For these reasons and the reasons set forth above, the Settlement is fair, just and reasonable.

¹⁸ See *Petition of Aqua Pennsylvania, Inc. For Approval of its Lead Service Line Replacement Program*, Docket No. P-2023-3044459 (Order entered Apr. 10, 2025).

I recommend the Commission adopt the Joint Petition for Settlement and direct Aqua, as Receiver, to make the changes to the LSLRP and tariff supplements as modified by the Settlement and resubmit those documents to TUS for final approval.

Accordingly, I recommend that the Commission approve the Settlement because it is in the public interest and is consistent with the requirements set forth in 66 Pa.C.S. § 1311(b) and 52 Pa. Code § 65.54(a).

VII. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. § 1311(b)(2); 52 Pa. Code § 65.54.
2. Aqua, as Receiver, has the burden of proof in these proceedings. 66 Pa. C.S. § 332(a)
3. Commission policy promotes settlements. 52 Pa. Code § 5.231.
4. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. 52 Pa. Code § 69.401.
5. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

6. Pursuant to 52 Pa. Code § 65.55(b), a lead service line program must include:

- a. A lead service line replacement plan as described in 52 Pa. Code § 65.56 (relating to lead service line replacement plan requirements);
- b. A *pro forma* tariff or tariff supplement containing the proposed changes necessary to implement the entity's lead service line replacement program as described in 52 Pa. Code § 65.58 (relating to *pro forma* tariff or tariff supplement requirements); and
- c. Information required by the Commission for filings under 66 Pa. C.S. § 1308 (relating to voluntary changes in rates), including statements required by § 53.52(a) (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies)

7. Pursuant to the provisions of Section 65.65(a) of the Commission's regulations related to entities that have not received prior Commission approval to perform LSLR activities, a Class C public utility or municipal corporation must file a LSLR program within 2 years of the effective date of the regulations. 52 Pa. Code § 65.65(a).

8. A lead service line replacement plan must include a service line inventory, a planning and replacements section, and a communications, outreach and education section. 52 Pa. Code § 65.56 (relating to lead service line replacement plan requirements).

9. The Commission's regulations at 52 Pa. Code § 65.58 (relating to *pro forma* tariff or tariff supplement requirements), provide that a *pro forma* tariff or

tariff supplement must contain proposed changes necessary to implement the entity's lead service line replacement program, including, at a minimum:

- a. A lead service line program annual cap;
- b. A service line demarcation;
- c. Provisions concerning partial lead service lines;
- d. Provisions concerning reimbursements; and
- e. Provisions concerning a warranty.

10. After initial Commission-approval of an entity's lead service line replacement plan, the entity shall update the plan for Commission review at least once every five years. To the extent possible, the Commission will coordinate the review of the updated lead service line review plan with the period review of the entity's LTIIP. 52 Pa. Code § 65.57.

11. An entity with an approved lead service line replacement program shall file with the Commission a lead service line replacement program report by March 1 of each year. If the entity is implementing the lead service line as part of its Commission-approved LTIIP, the entity is to include the lead service line replacement program report as part of the entity's annual asset optimization plan. 52 Pa. Code § 65.59.

12. The Joint Petition for Settlement executed and submitted at this docket by Aqua Pennsylvania, Inc., serving as the Receiver for Venango Water Company and its affiliates Cooperstown Water Company, Fryburg Water Company, Plumer Water Company, Sugar creek Water Company, and West Hickory Water Company (collectively, the "Rhodes Water Utilities"), the Office of Consumer Advocate, and the Office of Small Business and its proposed terms and conditions are in the public interest and, therefore,

should be approved without modification. *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

VIII. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement executed and submitted at this docket by Aqua Pennsylvania, Inc., serving as the Receiver for Venango Water Company and its affiliates Cooperstown Water Company, Fryburg Water Company, Plumer Water Company, Sugarcreek Water Company, and West Hickory Water Company, the Office of Consumer Advocate, and the Office of Small Business Advocate, be approved without modification.

2. That the Parties shall comply with the terms of the Joint Petition for Settlement submitted in this proceeding as though each term therein was the subject of an individual ordering paragraph.

3. That within thirty (30) days of the entry date of the Commission's Final Order in this matter, Aqua Pennsylvania, Inc., serving as the Receiver for Venango Water Company and its affiliates Cooperstown Water Company, Fryburg Water Company, Plumer Water Company, Sugarcreek Water Company, and West Hickory Water Company shall file an amended Lead Service Line Replacement Plan and revised pro forma tariff supplements at Docket No. P-2024-3050248, that incorporates any modifications thereto consistent with these proceedings and findings herein with the

