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May 27, 2026

VIA ELECTRONIC SUBMISSION

Mr. Matthew Homsher
Secretary of the Commission
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

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

Dear Mr. Homsher:

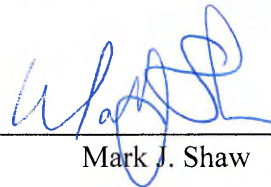
Attached please find the Main Brief of Conneaut Lake Park Water Corporation, Inc. in the above-captioned proceeding. An electronic copy of this letter and Certificate of Service are being filed through the Commission's eFiling portal.

Copies have been served in accordance with the attached Certificate of Service. If you have any questions or require additional information, please feel free to contact me at your convenience.

Very truly yours,

MacDONALD, ILLIG, JONES & BRITTON LLP

By _____



Mark J. Shaw

MJS/nes/4900-7378-6538 v.1

Attachments

cc: ALJ Eranda Vero (*via e-mail*)
All Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**MAIN BRIEF OF
CONNEAUT LAKE PARK WATER CORPORATION, INC.**

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Water Corporation, Inc.

Dated: May 27, 2026

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Conneaut Lake Park Water Corporation, Inc. ("the Company"), by and through its attorneys, MacDonald, Illig Jones & Britton, LLP, hereby files this Brief in Opposition to the Section 529 Petition Filed by the Bureau of Investigation and Enforcement ("I&E") and states the following in support hereof.

I. INTRODUCTION

This case involves the question of whether under Section 529 of the Pennsylvania Public Utility Code, the Company, which currently owns and operates the Conneaut Lake Park Water System ("Water System"), should continue to own and operate the Water System or whether the Pennsylvania Public Utility Commission ("Commission") should order that the Water System be taken from the Company and that Aqua Pennsylvania, Inc. ("Aqua") be forced to acquire the Water System.

II. THE FACTS

A. History of the Water System

The Water System was part of the assets of Conneaut Lake Park. Conneaut Lake Park was an 120-year-old fully functional and operational community amusement park. Among the assets of the Park was the Water System that provided water service for over 100 years, including to a campground, a hotel, the amusement park complex, and various residential properties. (See Recommended Decision, Finding of Fact 15, adopted by the Commission's Order dated 4/20/2023, hereinafter "2023 Decision").

Financial issues have plagued the Park's operations since at least 1995, when the Park was placed into its first bankruptcy. (2023 Decision, FOF 16). In 2014, the Park sought the protection of bankruptcy to fend off an impending sheriff's sale. (2023 Decision, FOF 28. 30). At that time,

the Park owed nearly 20 years of unpaid property taxes to Crawford County. (2023 Decision, FOF 28). The 2014 Bankruptcy resulted in an approved reorganization plan. (2023 Decision, FOF 32).

In 2020, COVID hit and the Park had to close for the 2020 season. As a result, the Park missed its required payments under the reorganization plan. (2023 Decision, FOF 36, 37). Subsequently, the Bankruptcy Court granted a motion to proceed with a public auction of the Park and its assets, including the Water System. (2023 Decision, FOF 38).

On December 17, 2020, in response to the ordered public auction, the Park owners entered into a Sales Agreement with Keldon Holdings, LLC ("Keldon") for the sale of all the Park's assets, including the Water System, for a total amount of \$1.2 million. (2023 Decision, FOF 40). Keldon was the only bidder for the Park's assets. (2023 Decision, FOF 39). On March 2, 2021, the Bankruptcy Court approved the sale of the Park's assets, including the Water System to Keldon. (2023 Decision, FOF 41; Respondent Statement 2, Page 3, Ln. 2-6). On June 21, 2021, the Bankruptcy Court entered an Order Granting Final Decree, finalizing the sale, and closed the case; no appeal was taken from this Order. (2023 Decision, FOF 46).

Keldon placed the Water System assets in the Company, which has been operating the Water System since March 2021. (2023 Decision, FOF 8, 14). The Company has owned the Water System since March of 2021. (Respondent Statement 2, Page 2, Ln. 21). CLP Water LLC, a Pennsylvania Limited Liability Company, is the sole shareholder of the Company. (Respondent Statement 2, Page 2, Ln. 5-6). Todd Joseph is the sole member of CLP Water LLC. (Respondent Statement 2, Page 2, Ln. 5).

On April 20, 2023, more than two years after the bankruptcy sale, the Commission entered an order approving the transfer of the Water System to the Company, and issuing the Certificate of

Public Convenience to the Company and granted the Trustees' abandonment of the service. (Respondent Statement 2, Page 3, Ln. 9-11).

B. Condition of the Water System and Company Operations

At the time of the sale, the Water System was operable, but it was not in good condition and it needed what appeared to be a substantial amount of work. (Respondent Statement 2, Page 3, Ln. 13-14). The Water System also did not have individual water meters. (OCA Admission #1). Prior to the Company acquiring the Water System through bankruptcy, the Water System had not been self-sustaining for decades, as rates had not been increased since 2009. (Respondent Statement 4, Page 3, Ln 9-13). The water rates for the Water System from 2009 until the fourth quarter of 2024 were \$14.39 per month for year-round residents and \$7.20 per month for seasonal residents. (Stipulation of Fact #1).

In August 2023, the Company sought a rate increase to provide the funds needed to make the needed improvements for the system. (Respondent Statement 2, Page 3, Ln. 15-18). Although the Company filed for the rate increase in August 2023, a rate increase, that was significantly less than requested, was not approved by the Commission until August 2024, and did not go into effect until October 2024. (Respondent Statement 2, Page 4, Ln. 1-3). The rates previously paid and currently paid by the residential users of the system are significantly lower than what is paid locally for water, which is \$90 a month, and what is paid in other locations, \$300 a month for multi-unit dwellings. (Respondent Statement 4, Page 3-4, Ln 21-23, 1). Aqua's expert William Packer opined that the current rates of the Company are comparatively low to other public utilities under the Commission's Jurisdiction. For example, Aqua's zone one residential rates are \$93.36 a month; and PA American's Rate Zone 1 residential bill is \$93.89 a month. (Aqua Statement 1-R, Page 2-3, Ln. 23, 1-4, n.3). The reality facing the Company is the same reality facing water utilities in

Pennsylvania regardless of their size (e.g., big or small) or type (e.g., rural or urban): their continued ability to meet their legal service obligations is primarily predicated on adequate funding, typically through sufficient and appropriate rate increases and selective borrowing. (Aqua Statement No. 1, Page 10, Ln. 9-12).

The rate increase that was granted to the Company was not sufficient to enable the Company to fund any improvements, and in fact, the rate increase ultimately was not sufficient to cover the water system's operating expenses. (Respondent Statement 2, Page 4, Ln. 7-9). Todd Joseph has invested over \$300,000 to keep the water system running since 2021. (Respondent Statement 2, Page 4, Ln. 22).

The Company has hired a professionally licensed, highly qualified certified operator to run the Water System on behalf of the Company, which is Keystone Water Systems, LLC ("Keystone"). (Respondent Statement 2, Page 5, Ln. 7-12). The Company relies upon its third party certified operator to make the operational decisions for the Water System. (Respondent Statement 2, Page 5, Ln. 14-15).

The day-to-day administrative responsibilities are handled by the Company's General Manager, Jaelyn McCoy. (Respondent Statement 2, Page 5, Ln. 16-18). Ms. McCoy's job responsibilities include the following: she serves as the primary point of contact for customer inquiries regarding water service, leaks, and system concerns; she coordinates with contractors to schedule repairs and maintenance; she oversees billing operations, including invoice preparation, distribution and payment processing; she manages accounts receivable and ensures accurate

recordkeeping of customer payments; and she maintains efficient communication between customers, contractors and internal operations. (Respondent Statement 3, Page 2, Ln. 7-13).

While the Company has had a learning curve with the Commission's requirements and processes, it has significantly improved its operations over time. (Respondent Statement 2, Page 7, Ln. 2-5). The Company's staff and certified operator have the ability to ensure that the service provided by the Company and the operations of the Water System meet the Commission's standards. (Respondent Statement 2, Page 7, Ln. 7-9). The Company's issues and challenges are not fundamentally different than those confronting regulated water companies in Pennsylvania regardless of their size or the nature of their service territory. (Aqua Statement No. 1, Page 3, Ln. 19-23).

The empirical evidence establishes that the Water System complies with the applicable water quality limits and the required system pressures. Matthew Elchert is the owner of Keystone, which is a full service water systems company that operates public water/wastewater systems. (Respondent Statement 5, Page 1, Ln.1-7). Mr. Elchert has a B.S. Degree in Chemical Engineering and an MBA from Marshall University. He worked for OxyChem for five years as a chemical process engineer and then worked at Bayer Material Science for fifteen years. (Respondent Statement 5, Page 1, Ln.9-11). The water quality testing conducted by the Company from 2020 through 2024 shows that the Water System produces water that is consistently in compliance with the applicable water quality standards. (Respondent Statement 5, Page 9-10, Ln. 12-23, 1-10; Respondent Exhibit F). The Water System pressures for 2024 and through April 2025, which are based on water tank levels, showed pressure levels in the upper 40 psig range during the entire period, which exceed the minimum pressures the Company must maintain. (Respondent Statement 5, Page 10, Ln. 11-22; Respondent Exhibit G). Mr. Elchert's opinion is that the system water

pressures satisfy the pressure requirements of the Commission. (Respondent Statement 5, Page 10-11, Ln. 22, 1-2).

In addition, because of customer complaints about chlorine odors in the water, Mr. Elchert reviewed the chlorine data of the Water System. Based on his review, he concluded that none of the chlorine levels in the system exceed the applicable water quality standard for chlorine. He also pointed out that the Company is required to inject chlorine into the system by the Pennsylvania Department of Environmental Protection ("DEP"). (Respondent Statement 5, Page 11, Ln. 15-19; Respondent Exhibit H). Lastly, although arsenic levels have increased recently, there has not been a violation of the arsenic standard by the Water System. (Respondent Statement 5, Page 11-12, Ln. 20-23, 1-7).

C. The Company's Plan to Upgrade the Water System

The Company hired Deiss & Halmi Engineering, Inc., an expert water engineering consultant ("Consultant"), to conduct a formal evaluation of the Water System. (Respondent Statement 2, Page 5, Ln. 19-21). Steve Halmi, who performed the evaluation, is the President of the Consultant and is a registered professional engineer in Pennsylvania. He holds a B.S. Degree in Civil Engineering and Environmental Engineering from Penn State University in 1994 and a M.S. Degree in Civil Engineering and Environmental Engineering from Cornell University in 1996. (Respondent Statement 1, Page 2, Ln. 4, 11-15; Respondent Exhibit B).

Based on his evaluation, Mr. Halmi generated a report on the condition of the Water System. In Mr. Halmi's opinion, the Water System has for the most part provided reliable service with sufficient water quantity and quality, with the exceptions occurring when distribution piping leaks or service line leaks have required portions of the distribution system to be shut down for repairs. There have been no recent issues with the wells or treatment system needing to be shut

down for extended periods. (Respondent Statement 1, Page 2, Ln. 23, Page 3 Ln 1-6; Respondent Exhibit D, Page 2-3). In his report, Mr. Halmi made detailed, specific recommendations relating to the following parts of the water system: the wells and well pumps; the treatment system and building; the water tank; and the distribution system. (Respondent Statement 1, Page 4, Ln. 7, Page 5, Ln. 12; Respondent Exhibit D, Pages 4-6 (Wells and Well Pumps); Pages 7-12 (Treatment System); Pages 12-13 (Treatment Building); Pages 13-14 (Water Tank); and Pages 14- 17 (Distribution)).

Mr. Halmi estimated the work to cost around \$2.8 million. (Respondent Exhibit D, Exhibit 6). In his Report, Mr. Halmi broke down the cost into six phases of work, with five less than \$500,000 per project. Phase 1 mostly dealt with the wells and treatment plant at an estimated cost of \$447,000; Phase 2 dealt with the water tank at an estimated cost of \$682,000; Phases 3 through 6 related to distribution line replacements (including lead service lines) with estimated project costs ranging from \$324,000 to \$479,000. (Exhibit 6 to Respondent Exhibit D).

The Company is able to complete the work recommended by Mr. Halmi provided that it can obtain the funding through PENNVEST and provided that the Commission approved rates that would enable the Company to make the PENNVEST debt payments and enable it to cover the costs of operations. (Respondent Statement 2, Page 6, Ln. 8-11). The Company has had discussions with PENNVEST since 2024 regarding funding options. (Respondent Statement 2, Page 6, Ln. 14-15). It is Mr. Halmi's opinion that the improvements that are needed are readily achievable by the Company with funding assistance from PENNVEST and with the PUC allowing

for adequate and appropriate rates to cover the cost of the improvements. (Respondent Statement 6, Page 7-8, Ln. 17-23, 1-5).

Given the nature of the Water System improvements needed, the work can be completed through several distinct projects at a cost of less than \$500,000 each. This will allow the Company to begin projects that do not need DEP Permits while the Company goes through the DEP permitting process for those aspects of the improvements that need DEP permitting. (Respondent Statement 4, Page 4, Ln. 15-23). The Company's plan to improve the Water System is solid and executable, especially given the experience of Mr. Joseph in the construction and development industry. (Respondent Statement 2, Page 7, Ln. 5-7). The Company intends to proceed with Phase 1 of the Plan, which will include the following work in Mr. Halmi's report: (a) wells and well pumps works; (b) treatment system upgrades and (c) treatment building upgrades, which will be funded through a PENNVEST loan in an amount not to exceed \$500,000. (Respondent Statement 7, Page 2-3, Ln. 20-23, 1-10).

III. PROCEDURAL HISTORY

In August 2023, the Company filed for a rate increase, which would have been the first rate increase for the Water System since 2009. There was significant opposition to the rate increase by the customers of the Water System. Some of the customers also raised questions regarding the ability of the Company to operate the Water System. After lengthy negotiations and mediation, the parties entered into a Settlement Agreement. The Settlement Agreement was approved by the Commission on August 2, 2024.

Under the terms of the Settlement Agreement, the Company was to perform a number of tasks before the Commission would allow the agreed upon rate increase to be implemented. These tasks included conducting a sampling protocol (2 rounds of 8 samples each round) for arsenic, iron

and manganese; establishing a water company only phone number; including contract information on customer bills; sending out a post card to customers providing customer contact information; provide copies of the Consumer Confidence Reports ("CCR") to its customers; create a website or accessible virtual location for customers; adopt a customer complaint process; establish a separate system of accounts; maintain a record of complaints; ensure its termination process is compliant; and not bill a tapping fee.

On August 30, 2024, the Company submitted a Compliance Report of Conneaut Lake Park Water Corporation, LLC, with supporting exhibits, advising the Commission that it had completed these tasks. Under the Settlement Agreement, the parties had 30 days to submit comments in response to the Compliance report. None of the parties submitted any comments to the Commission.

In addition to the tasks that the Company agreed to perform, the Settlement Agreement contained the following provision:

G. Settlement - Section 529 Proceeding

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

In accordance with provision above, on October 28, 2024, I&E filed a Petition to Request the Commission Open a Section 529 Investigation into the Acquisition of Conneaut Lake Park Water Corporation, Inc.

IV. BURDEN OF PROOF

The Public Utility Code places the burden on I&E in proceedings pursuant to 66 Pa.C.S.

§ 529. I&E must establish a prima facie case that it is in the public interest for the water system to be acquired by another company. 66 Pa.C.S. § 529(i) states:

(i) Burden of proof. — The Bureau of Investigation and Enforcement shall have the burden of establishing a prima facie case that the acquisition of the small water or sewer utility would be in the public interest and in compliance with the provisions of this section. Once the commission determines that a prima facie case has been established:

(1) the small water or sewer utility shall have the burden of proving its ability to render adequate, efficient, safe and reasonable service at just and reasonable rates; and

(2) a proximate public utility providing the same type of service as the small water or sewer utility shall have the opportunity and burden of proving its financial, managerial or technical inability to acquire and operate the small water or sewer utility.

If I&E meets its burden, then the burden shifts to the Company, as outlined in 66 Pa.C.S. § 529(i). *See Petition for Twin Lakes, Inc.*, 2021 PA. PUC LEXIS 545, *21 ("Specifically, Section 529 establishes that I&E shall have the burden of establishing a prima facie case that the acquisition of the small water or sewer utility would be in the public interest and in compliance with the provisions of Section 529. 66 Pa.C.S. § 529(i). Once the Commission determines that a prima facie case has been established, the small water or sewer utility which opposes the acquisition shall have the burden of proving its ability to render adequate, efficient, safe and reasonable service at just and reasonable rates, and a proximate public utility positioned to acquire the small water or sewer utility shall have the opportunity and burden of proving its financial, managerial or technical inability to acquire and operate the small water or sewer utility.").

Although I&E holds the statutory burden, other parties may intervene and produce their own evidence that addresses the evidentiary and statutory requirements of Section 529. Even

though “I&E bears a statutory burden of proof in a Section 529 proceeding pursuant to 66 Pa.C.S. § 529(i), [the Commission has] previously stated that the burden is not exclusive to I&E.” *Pa. Pub. Util. Comm’n v. Twin Lakes*, Docket No. P-2020-3020914 (Order entered Sept. 17, 2020) at 21. “It is well settled that a *prima facie* case is one that is supported by sufficient competent and credible evidence to warrant submission to a trier of the fact and for the rendition of a finding or decision in accord therewith.” *Milkie v. Pennsylvania Power and Light Co.*, 1998 Pa. PUC LEXIS 152, 4 (Sept. 25, 1998).

IV. SUMMARY OF THE ARGUMENT

The I&E¹ and the Pennsylvania Office of Consumer Advocate (“OCA”) failed to meet the burden to establish that each of the criteria under Section 529 have been met.

Both have failed to establish that the Company “is in violation” of statutory or regulatory standards. At most, I&E has pointed to past and/or purported violations that have been addressed by the Company. I&E has failed to present any evidence of a current violation. It has not presented any testimony of the Department of Environmental Protection to support its reliance that the violations contained in the 2024 Notice of Violation (“NOV”) are still viewed as violations by the DEP. Similarly, the issues raised by OCA are simply not statutory or regulatory violations. They are at the most suggested practices, but they do not rise to the level of a violation justifying taking the Water System away from the Company. Further, neither have tied any of the alleged violations to the safety, adequacy, efficiency or reasonableness of the service provided by the Company.

¹ I&E's testifying witnesses are Zachari Walker and Ethan Cline. According to his resume, I&E's witness, Zachari Walker, has never testified or worked on a Section 529 case. (I&E Statement No.1, Appendix A). According to his resume, I&E's expert witness, Ethan Cline, has worked on a total of 122 cases, with only one case involving a Section 529 Investigation. (I&E Statement No.2, Appendix A).

Both also have failed to prove that the Company is in violation of a DEP or Commission Order. I&E points to the DEP NOV as evidence of such an Order, but an NOV is not an Order of the Department, as admitted by I&E, as indicated in the NOV itself and as supported by applicable case law.

Both also have failed to prove that the Company cannot be reasonably expected to furnish and maintain adequate efficient, safe and reasonable service and facilities in the future. I&E asserts that it does not believe that the Company can make the needed improvements to the system without an unreasonable rate increase. It comes to this conclusion without making any calculation of what those rates would be, but rather simply points to the small number of customers of the Company. I&E ignores the fact that these customers have been significantly underpaying for the Water System for 15 years.

OCA relies on some past instances of issues and relies on the biased anecdotal testimony of a few outspoken customers. OCA ignores the empirical evidence which shows that the Company has complied with all water quality standards since 2020; that water pressures have met the Commission's requirements and that chlorine levels meet applicable standards, and in fact the Company is required to feed chlorine into the system. OCA further ignores the fact that the Company hired a professional water expert to evaluate the system and has formulated a plan to complete those improvements. Ultimately, OCA defaults to I&E's argument that it will be too expensive for the Company to make the improvements, and that the costs of improvement should be borne by the customers of Aqua. Like I&E, OCA ignores the fact that the customers of the Company have been underpaying for water service for 15 years. Like I&E, OCA believes it is just

and reasonable to have the customers of Aqua bear the burden of the improvements while the Company customers continue to enjoy water at rates well below market rates.

The facts and circumstances surrounding the Company and the Water System do not rise to the magnitude needed to meet the Section 529 criteria compelling the Commission to force the Company to sell its Water System to Aqua. Further, the facts here pale in comparison to the kinds of facts that have given rise to a forced sale. The kinds of facts that have supported a forced sale include a 20-year pattern of ignoring DEP Orders, refusing to implement required improvements, lack of certified operator, an absent owner, cessation of operation, multiple DEP enforcement actions and DEP civil penalties assessed. The present case is a far cry from those situations. Here, the Company saved the Water System from bankruptcy, has been trying to get it financially stable, has invested hundreds of thousands of dollars into the system, has met water quality standards and has a plan for improvements to be made through low interest loans from PENNVEST.

The Commission in reaching its decision should take into account the actions that the Company has taken as described above. It should consider the fact that even the biased outspoken customers had nothing negative to say about the Company's administrative staff. It should consider the fact that while the Company's plan seeks to start construction in 2026, Aqua will not be in a position to perform any work until 2027 at the earliest, if not later. The Commission should consider the fact that the Company offers customer service with a personal touch, which will be lost with a large utility. No longer will the person the customer will be talking to for help be down the street. And, while the improvement of the water system may be the top and only priority of the Company, under Aqua it would simply fall in line, and in competition, with the multitude of projects competing for the same dollars.

Taking all of the evidence into consideration, the criteria to justify the Commission ordering the taking of the Company's Water System are not met and the Commission should not order the Company to sell its Water System to Aqua, who, quite frankly, does not want it.

V. DISCUSSION

A. Section 529 Criteria

Pursuant to 66 Pa.C.S. § 529(a):

(a) the Commission may issue an order requiring the acquisition of the small water or sewer utility if it finds that each of the following factors have been proven:

(1) that the small water or sewer utility is in violation of statutory or regulatory standards, including, but not limited to, the act of June 22, 1937 (P.L.1987, No.394), known as The Clean Streams Law, the act of January 24, 1966 (1965 P.L.1535, No.537), known as the Pennsylvania Sewage Facilities Act, and the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act, and the regulations adopted thereunder, which affect the safety, adequacy, efficiency or reasonableness of the service provided by the small water or sewer utility;

(2) that the small water or sewer utility has failed to comply, within a reasonable period of time, with any order of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service, including, but not limited to, the availability of water, the potability of water, the palatability of water or the provision of water at adequate volume and pressure;

(3) that the small water or sewer utility cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future;

(4) that alternatives to acquisition have been considered in accordance with subsection (b) and have been determined by the commission to be impractical or not economically feasible;

(5) that the acquiring capable public utility is financially, managerially and technically capable of acquiring and operating the small water or sewer utility in compliance with applicable statutory and regulatory standards; and

(6) that the rates charged by the acquiring capable public utility to its preacquisition customers will not increase unreasonably because of the acquisition.

These factors must be considered with 66 Pa. C.S. § 529(c)(1)-(6), which states:

(c) Factors to be considered. —In making a determination pursuant to subsection (a), the commission shall consider:

(1) The financial, managerial and technical ability of the small water or sewer utility.

(2) The financial, managerial and technical ability of all proximate public utilities providing the same type of service.

(3) The expenditures which may be necessary to make improvements to the small water or sewer utility to assure compliance with applicable statutory and regulatory standards concerning the adequacy, efficiency, safety or reasonableness of utility service.

(4) The expansion of the franchise area of the acquiring capable public utility so as to include the service area of the small water or sewer utility to be acquired.

(5) The opinion and advice, if any, of the Department of Environmental Resources as to what steps may be necessary to assure compliance with applicable statutory or regulatory standards concerning the adequacy, efficiency, safety or reasonableness of utility service.

(6) Any other matters which may be relevant.

See Investigation Instituted into Whether the Commission Should Order a Capable Public Utility to Acquire Clean Treatment Sewage Company Pursuant to 66 Pa.C.S. § 529, 2012 Pa. PUC LEXIS 870, *9-11 ("The determinations of Section 529(a) appear in the conjunctive. Thus, we must determine that each of the six standards is met before ordering PAWC to acquire CTSC.").

Additionally, the Commission must consider alternatives to acquisition in accordance with 66 Pa.C.S. § 529(b):

(1) The reorganization of the small water or sewer utility under new management.

- (2) The entering of a contract with another public utility or a management or service company to operate the small water or sewer utility.
- (3) The appointment of a receiver to assure the provision of adequate, efficient, safe and reasonable service and facilities to the public.
- (4) The merger of the small water or sewer utility with one or more other public utilities.
- (5) The acquisition of the small water or sewer utility by a municipality, a municipal authority or a cooperative.

See Pennsylvania Public Utility Commission v. Deer Haven, LLC, b/d/a Deer Haven Sewage Company, 2011 Pa. PUC LEXIS 804, *52-53 (holding that the record did not support the factors outlined under 66 Pa. C.S. § 529(b) and, therefore, the Commission did not recommend mandatory acquisition proceedings.).

If the Commission decides that acquisition of the utility is appropriate pursuant to 66 Pa. C.S. § 529(a), "the commission shall issue an order for the acquisition of the small water or sewer utility by a capable public utility. Such order shall provide for the extension of the service area of the acquiring capable public utility." 66 Pa. C.S. § 529(d). Then, "[t]he price for the acquisition of the small water or sewer utility shall be determined by agreement between the small water or sewer utility and the acquiring capable public utility, subject to a determination by the commission that the price is reasonable." 66 Pa. C.S. § 529(e). If the small utility and the acquiring capable public utility are unable to agree on a price, the Commission will issue an order directing the capable public utility to acquire the small utility through eminent domain. *Id.*

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

First, I&E must establish that 66 Pa. C.S. Section 529(a)(1) has been met, which requires

- (1) that the small water or sewer utility is in violation of statutory or regulatory standards, including, but not limited to, the act of June 22, 1937 (P.L.1987, No.394), known as The Clean Streams Law, the act of January 24, 1966 (1965

P.L.1535, No.537), known as the Pennsylvania Sewage Facilities Act, and the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act, and the regulations adopted thereunder, which affect the safety, adequacy, efficiency or reasonableness of the service provided by the small water or sewer utility;

Under this requirement, not only does I&E need to prove a violation of a statutory or regulatory standard, it must also prove that the violation affects the safety, adequacy, efficiency or reasonableness of the service provided. Here, I&E has failed to introduce sufficient evidence to make a prima facie showing that either component of Section 529(a)(1) has been met here.

In its direct testimony, in an effort to meet its burden to prove that the Company is in violation of statutory or regulatory standards, I&E identifies a number of purported violations. (I&E Statement No. 2, Page 5 Ln. 6 through Page 8, Ln. 17.) However, each of these purported violations have been addressed by the Company. We will go through each of I&E's claims and how they have been addressed by the Company.

I&E raised the following two issues in its direct testimony without citation to any applicable statute or regulation. First, I&E asserted that the Company had not filed its annual reports, and second, it claimed that the Company's unaccounted for water was unknown. Subsequently, I&E acknowledged that these two issues were corrected by the Company. (I&E Statement No. 2, Page 5, Ln 1-12; I&E Statement No. 2-SR, Page 4, Ln 1-6).

I&E also raised the recent arsenic test results the Company obtained, which it suggested was a violation. However, the Company clarified that these samples did not trigger a violation of the permit standard, which is based on a rolling quarterly average. (I&E Statement No. 2, Page 5-6, Ln 13-19, 1-4).

Next, I&E relied upon a NOV issued by the Department of Environmental Protection to support its case. This NOV was issued on January 4, 2024 and identified a variety of purported

violations. The NOV itself states that it is not an Order of DEP. Yet, without any testimony from DEP, I&E is relying on this NOV to support its case. (I&E Statement No. 2, Page 6, Ln. 5 through Page 8, Ln 8).

The Company has responded to each item listed in the NOV that I&E identified in its rebuttal testimony. Matt Elchert, who is the President of the Company that operates the Water System, addressed each of these items. Mr. Elchert testified that the following items identified in the NOV have been corrected:

1. Secondary containment for chemical storage (Respondent Statement 5, Page 4, Ln.7-12);
2. Chemical feed pump tubing length (Respondent Statement 5, Page 5, Ln.5-8);
3. Distribution system monitoring plan (Respondent Statement 5, Page 6, Ln.1-9;)
4. Stage 2 DBPR Compliance 1 Monitoring Plan (Respondent Statement 5, Page 7, Ln.15-20); and
5. Lead and Copper Rule Sample Siting Plan (Respondent Statement 5, Page 7-8, Ln. 21-23, 1-3).

Mr. Elchert identified the following as items that are required of newly constructed water facilities, not facilities that are already constructed such as the Company's facilities:

1. Tank ladders and hatches (Respondent Statement 5, Page 4-5, Ln.17-23, 1-4);
2. Backflow prevention devices (Respondent Statement 5, Page 5, Ln.9-14); and
3. Tank inspection recommendation by the AWWA (Respondent Statement 5, Page 7, Ln.7-14).

Lastly, Mr. Elchert identified several issues that will be resolved under the proposed improvement plan:

1. Collection methodology of performance monitoring samples (Respondent Statement 5, Page 5, Ln.15-22);
2. The permitted use of sodium silicate to protect the distribution system piping (Respondent Statement 5, Page 6, Ln.10-22);
3. Update the Comprehensive Monitoring Plan (Respondent Statement 5, Page 8, Ln.4-11); and
4. Create a detailed map of the water system (Respondent Statement 5, Page 8, Ln.12-17).

Each and every issue raised by I&E is either addressed, is not required to be addressed or will be addressed as part of the improvements plan.

I&E suggests that the Company needs to submit evidence from DEP regarding the resolution of these issues. I&E's position turns the burden of proof on its head. I&E, not the Company, bears the burden to prove that specific violations exist that impact the safety, adequacy, efficient or reasonableness of the service provided. A crucial factor here is the complete absence of any testimony from the DEP in the record. The DEP is the government agency with jurisdiction over whether a party is in violation of any of the environmental statutes referenced in Section 529(a)(1); yet, I&E has failed to introduce any evidence from the DEP to undermine or refute the evidence presented by the Company of its compliance.

I&E also has failed to tie any of the alleged violations to the safety, adequacy, efficiency or reasonableness of the service provided by the Company. By failing to do so, it has failed to meet the second component of Section 529(a)(1). The Company, however, has presented unrebutted testimony from Mr. Elchert that the violations asserted by DEP did not rise to the level of affecting the safety, adequacy, efficiency or reasonableness of the service provided by the Company. (Respondent Statement 5, Page 9, Ln. 1-7). He arrived at this opinion because a number of the identified violations were not actually violations; a number of them have been corrected, and the ones that have not been corrected are under a plan to be corrected. (Id.) Lastly, the issue relating to the addition of the sodium silicate is actually improving the water system. (Respondent Statement 5, Page 8-9, Ln. 21-22, 1-7). I&E's conclusions that are unsupported by evidence do not satisfy the requirements of 66 Pa.C.S. § 529(a)(1).

OCA also has not presented evidence of the Company violating statutory or regulatory provisions which affect the safety, adequacy, efficiency, or reasonableness of the service provided

by the small water or sewer utility. OCA witness LeeAnn Wise² raised issues with the Company's complaint logs, phone number, web presence, and public water meetings. The issues that Ms. Wise raises are not statutory or regulatory violations.

While Ms. Wise asserts there are issues with the Company's phone number, she does not tie it to any specific statutory or regulatory provision. In addition, from a factual perspective, her testimony is simply wrong. Contrary to her claim, the Company phone number that is given on the bills to all customers is for a cell phone number attached to a cell phone that is carried by Ms. McCoy at all times. The number is not currently used for any other business of Mr. Joseph. (Respondent Statement 3, Page 4-5, Ln. 17-23, 1-2). Thus, there is no statutory or regulatory violation here.

Ms. Wise also takes issue with the Company's use of a Facebook page. The Company's Facebook page is used by the Company as its accessible virtual location required under the Settlement Agreement. It is a private page accessible only to the customers of the system. Ms. McCoy regularly updates it with notices and other information related to the water system. (Respondent Statement 3, Page 5, Ln. 3-16). In addition, Ms. Wise acknowledged that there is no specific requirement in the Public Utility Code or regulations to have a publicly accessible website. (OCA Statement 1, Page 17, Line 5-6). Thus, there is no statutory or regulatory violation here.

Ms. Wise also took issue with the Company not having a certified operator attend the meeting with the customers in accordance with the Settlement Agreement. Ms. McCoy acknowledged that not having a certified operator at the annual meeting was an error, but to correct

² OCA's testifying witness is LeeAnn Wise. She has not testified in a Section 529 case in the past. (OCA Statement 1, Exhibit 1-LWM). Additionally, she has no experience with operating a water system utility. (OCA Statement 1, Exhibit 1-LWM). Ms. Wise also admitted that she is not an engineer, and her qualifications reveal no technical training or experience. (OCA Statement 1, Exhibit 1-LWM; OCA Statement 1-R, Page 10, Ln 12-13).

the error she had a follow-up meeting a month later in September 2025. (Respondent Statement 3, Page 5, Ln. 17-21). Ms. Wise does not point to any statutory or regulatory requirements applicable here. Again, there is no statutory or regulatory violation here.

While Ms. Wise criticized the Company for not advising the customers that the certified operators changed, she acknowledged that the Company was not obligated under Commission requirements to provide such notification. (OCA Statement 1-SR, Page 5, Ln. 7-15). Again, there is no statutory or regulatory violation here.

While Ms. Wise suggested that the Company missed two PENNVEST deadlines, she acknowledged that those deadlines related to a PENNVEST funding program the Company is not pursuing. (OCA Statement 1-SR, Page 5- 6, Ln. 20-21, 1-6). Thus, there is no statutory or regulatory violation here.

While Ms. Wise comments on chlorine smell, low pressure and arsenic, she fails to identify any violation associated with those issues; simply saying that they are "concerning." (OCA Statement 1-SR, Page 12-13, Ln. 14 - 22, 1-4). Thus, there is no statutory or regulatory violation here.

Ms. Wise acknowledged that the Company maintains a complaint log, but claims it is was missing some references to how a complaint was resolved and when. (OCA Statement 1-SR, Page 14, Ln. 1-16). Ms. McCoy, the Company's General Manager, testified that she keeps a written record of service complaints, which she does by completing a written Customer Complaint Log Form. (Respondent Statement 3, Page 3, Ln. 1-10). She further testified that the Customer Complaint Log Form includes the name of the person complaining, the date of the complaint, the address of the complainant, the character of the complaint and the final disposition of the complaint. (Respondent Statement 3, Page 3, Ln. 11-23). Ms. McCoy also explained that some

complaints are a passing problem that go away by the time the Company investigates. (Respondent Statement 3, Page 4, Ln. 9-10).

Overall, despite Ms. Wise raising a number of purported issues with the system, she has not shown that any of these issues are statutory or regulatory violations. Additionally, many of the issues she raised she acknowledged were not violations and have been disputed by the Company. As such, OCA has not made a *prima facie* showing that the requirements of Section 529(a)(1) has been met here.

The claims relied upon by I&E and OCA to establish that the requirements of 529(a)(1) are met have all been addressed by the Company and do not support that the Company is in violation of any statutory or regulatory standard affecting safety, adequacy, efficiency or reasonableness of the water service provided.

ii. 66 Pa. C.S. § 529(a)(2)

I&E must also prove that the second element of 66 Pa. C.S. § 529(a)(2) has been met, which provides:

(2) that the small water or sewer utility has failed to comply, within a reasonable period of time, with any order of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service, including, but not limited to, the availability of water, the potability of water, the palatability of water or the provision of water at adequate volume and pressure;

In their testimony, I&E points to the January 4, 2024 NOV as evidence that the Company has not complied with an order of DEP or the PUC. While I&E claims that that the Company is in violation of the 2024 Notice of Violation issued by the Pennsylvania Department of Environmental Protection to satisfy Section 529(a)(2), I&E has admitted that a Notice of Violation is not an Order of the Department. (I&E statement No. 2, Page 9, Ln. 6-17; I&E Admission Page

14). The January 4, 2024 NOV is not an Order. *See Kephart Trucking Co. v. Commonwealth of Pennsylvania, Department of Environmental Resources*, 1992 E.H.B. 162, *5-6 (Feb. 12, 1992). In fact, the January 4, 2024 NOV itself states that "This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection." *See* I&E Exhibit No. 2, Schedule 5, Page 3. Because the NOV that I&E relies upon is not an order of DEP or the Commission and I&E has not alleged a violation of any other order, I&E has not met its *prima facie* burden required for 66 Pa.C.S. § 529(a)(2).

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

I&E must also show

(3) that the small water or sewer utility cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future. . .

66 Pa.C.S. § 529(a)(3).

I&E concludes that the Company cannot meet this third element due to the high cost of repairs and the low number of customers. I&E's conclusory statement that the improvements sought by the Company cannot be achieved without an unreasonable rate increase was not supported by any analysis or calculations. (I&E Statement No. 2-SR, Page 6, Ln. 15-18). Unfortunately, regardless of who runs the system, the cost of the repairs and the number of customers will not change. The only way to increase revenue is to increase rates. The only basis for I&E to conclude that the requirement of Section 529(a)(3) is met is that there are a limited number of customers to bear the cost of repairing the system; yet I&E ignores that the water rates paid by the Water System's customers are unreasonably low, and have been for many years. (I&E Statement No. 2, Page 10-11, Ln. 11-22, 1-9).

Likewise, OCA's witness LeeAnn Wise states that the Company cannot be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future. In support of her conclusion, Ms. Wise points to customer complaints and the Company's lack of documentation of whether those complaints were resolved. (OCA Statement 1, Page 22, Ln. 16-20). She also states that the quality of water service has fallen well below what is adequate and reasonable because some customers have complained about water discoloration, chlorine smell, and arsenic in the water. (OCA Statement 1, Page 23, Ln 17-19). Ms. Wise also references incomplete mapping, lack of individual metering, and inability to locate shut-off valves. (OCA Statement 1, Page 27, Ln 11-21). Ms. Wise also criticizes the Company for performing system repairs as issues arise without implementing a long-term capital improvement program for a Water System that is old and in need of significant repairs. (OCA Statement 1, Page 39 Ln. 15-21). The facts do not support Ms. Wise's opinion.

The facts establish that since taking over the Water System, the Company has been furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, and will be able to do so in the future. The water quality testing conducted by the Company from 2020 through 2024 shows that the water system produces water that is consistently in compliance with the applicable water quality standards. (Respondent Statement 5, Page 9-10, Ln. 12-23, 1-10; Respondent Exhibit F). The water pressures as measured based on water tank levels for the water system for 2024 and through April 2025, showed pressure levels under the upper 40 psig range during the entire period, which exceed the minimum pressures the Company must maintain. (Respondent Statement 5, Page 10, Ln. 11-22; Respondent Exhibit G). Mr. Elchert expressed the opinion that the system water pressures satisfy the pressure requirements of the Commission. (Respondent Statement 5, Page 10-11, Ln. 22, 1-2). Because of customer complaints about

chlorine odors in the water, Mr. Elchert reviewed the chlorine data of the water system. Based on his review, he concluded that none of the chlorine levels in the system exceed the applicable water quality standard for chlorine. He also pointed out that the Company is required to inject chlorine into the system. (Respondent Statement 5, Page 11, Ln. 15-19; Respondent Exhibit H). Although arsenic levels have increased, there has not been a violation of the arsenic standard in the water system. (Respondent Statement 5, Page 11-12, Ln. 20-23, 1-7). Ultimately, while the Water System may have occasional issues due to the historical lack of attention by prior owners, the Company is operating the Water System in a manner that meets the required standards of service.

Despite OCA's claims that the Company does not have a plan for improvement, the Company does have a plan, which it has continued to develop since it first provided the plan to the Parties in December 2025. (Respondent Statement 7, Page 2, Ln. 10-19; Respondent Exhibit I). The current version of the plan is contained in the report prepared by Mr. Halmi. (Exhibit D to Respondent Statement 1). The Company intends to proceed with Phase 1 of the Plan, which will include the following work in Mr. Halmi's report: (a) wells and well pumps works; (b) treatment system upgrades; and (c) treatment building upgrades, which will be funded through a PENNVEST loan in an amount not to exceed \$500,000. (Respondent Statement 7, Page 2-3, Ln. 20-23, 1-10). As part of the improvements planned by the Company, the Company intends to add more shut off valves, which would minimize the impacts of leaks and shut downs to fix leaks, and create a map of the system. (Respondent's Statement 1, Page 5, Ln. 10-12.).³

The Company does not resemble the typical companies that are subject to 529 proceedings, which further illustrates that this element is not met. When Aqua has had to assume control of a

³ Under the Settlement Agreement, the Company is not required to install meters until August of 2029.

system, such system has had significant water quality or service-related issues, such as an absent owner, which is not the case here as the Company is willing to procure the necessary resources to continue to provide public utility water service to the public. (Aqua Statement 1-R, Page 3, Ln. 9-13). Examples of the kinds of systems Aqua has had to take over are a system under a boil water advisory for cryptosporidium; a boil water order where there was no certified operator; a system with a contamination event; and a system where the wastewater operator ceased operations. (Aqua Statement 1-R, Page 3-4, Ln. 15-18, 1-5).

The claims being asserted against the Company are not even close to the magnitude and seriousness of the claims typically found in Section 529 cases. (Aqua Statement 1-R, Page 4-5, Ln. 7-16, 1-5.). For example, in *Investigation of W.P. Water Co., Inc. and W.P. Sanitary Co., Inc. Pursuant to Section 529 of the Pennsylvania Public Utility Code; W.P. Water Co., Inc. and W.P. Sanitary Co., Inc.; Application of W.P. Sanitary Co., Inc. For Approval of Abandonment of Service*, 2009 Pa. PUC LEXIS 691 *, the Commission found that the W.P Water Co. should be forced to sell under Section 529 due, in part, to the water company's failure to use a licensed operator, to DEP's refusal to issue an operating permit to the company, where DEP had multiple enforcement actions against the company, and where the company had failed to comply with a metering order for 18 years. The Company does not have this kind of track record.

In a recent Section 529 proceeding before the PUC, the PUC ordered a receiver of Rock Spring Water Company (Docket No. P-2024-3051313). According to the PUC's recommended decision, the PUC found that the Rock Spring operators are financially, managerially, and technically incapable of bringing the water system back into compliance and that the system had outstanding violations with DEP for unaccounted for water and six outstanding violations against the operator. Rock Spring also failed to comply with a 2006 Corrective Action Plan, a 2013 Joint

Settlement arising out of a base rate proceeding, a 2018 DEP Order regarding unaccounted for water, and two NOVs, one in 2020 and 2021. Rock Spring repeatedly failed to implement solutions in line with the Corrective Action Plan, Joint Settlement, DEP Order, and two NOVs. In 2018, DEP assessed a \$40,000 civil penalty against the company for its failure to comply with the 2006 COA, and Rock Spring did not pay the civil penalty.

During the sanitarian's inspections of the Rock Spring facility with DEP between 2021 and 2025, the Rock Spring water system has incurred five significant deficiencies, 14 minor violations, 30 minor deficiencies, and 80 valid monitoring violations from fiscal year 2021 to fiscal year 2025. Rock Spring also did not timely repair leaks, which resulted in more NOVs from DEP. Rock Spring also failed to accurately report data, failed to follow permit conditions, submitted falsified data, and the company had a history of failing to properly issue public notices to its customers.

After 20 plus years of significant issues with the system, including willful noncompliance by the operator, the PUC ordered a receiver to run the Rock Spring system. This is an example of the type of situation where acquisition of the system via 66 Pa.C.S. § 529 is appropriate.

The difference between usual 529 proceedings and this proceeding is substantial. In contrast to the W.P. Water and Rock Spring situations, since the Company purchased the Water System in 2021 out of bankruptcy, the Company has made investments into the system and has been working in good faith to comply with all DEP and PUC requirements. Here, you have an owner who is attempting to correct long-term issues that preceded its ownership, whereas in W.P. Water and Rock Spring, the owners willfully failed to comply with Commission and DEP orders, statutes, and regulations.

The Company does and can continue to provide adequate, efficient, safe, and reasonable service and facilities in the future. As Professional Engineer Steve Halmi stated, "It is my opinion

that the improvements that are needed are readily achievable by the Company with funding assistance from PENNVEST and with the PUC allowing for adequate and appropriate rates to cover the cost of those improvements." (Respondent Statement 6, Page 7-8, Ln. 22-23, 1-5).

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

I&E must also show

(4) that alternatives to acquisition have been considered in accordance with subsection (b) and have been determined by the commission to be impractical or not economically feasible . . .

In coordination with 66 Pa. C.S. § 529(a)(4), I&E must consider the factors listed under 66 Pa. C.S. § 529(b):

- (1) The reorganization of the small water or sewer utility under new management.
- (2) The entering of a contract with another public utility or a management or service company to operate the small water or sewer utility.
- (3) The appointment of a receiver to assure the provision of adequate, efficient, safe and reasonable service and facilities to the public.
- (4) The merger of the small water or sewer utility with one or more other public utilities.
- (5) The acquisition of the small water or sewer utility by a municipality, a municipal authority or a cooperative.

In response to I&E's Set 1 of Interrogatories, Mr. Joseph showed that the alternatives to acquisition were considered and not feasible. First, all shares of Company are held solely by CLP Water, LLC, whose only member is Mr. Joseph. (I&E Statement 1, Exhibit 1, I&E 1-1). Because of this, reorganization of the Company without a sale is not feasible. (I&E Statement 1, Exhibit 1, I&E 1-1). Second, the Company already is under contract with a third party certified operator who operates and maintains the system. (I&E Statement 1, Exhibit 1, I&E 1-2). Third, as explained by

Mr. Joseph, the issues with the Water System are long-term problems that require long-term investments, rather than day-to-day problems that a receiver could fix. (I&E Statement 1, Exhibit 1, I&E 1-3). Because of this, appointing a receiver would not fix the problems with the water system. (I&E Statement 1, Exhibit 1, I&E 1-3). Fourth, because a single member LLC who is the sole shareholder of the Company, it is impractical and not economically feasible for a merger. (I&E Statement 1, Exhibit 1, I&E 1-4).

Finally, the Company explored the idea of selling the Water System to the Conneaut Lake Joint Municipal Authority, who provides sewer service to the water service area, but the Authority was not interested in acquiring the Company's Water System. (I&E Statement 1, Exhibit 1, I&E 1-5). Additionally, neither of the two municipalities that the Company is located in have expressed any interest in acquiring the system. (I&E Statement 1, Exhibit 1, I&E 1-5). The Company's customers have not expressed an interest in forming a cooperative to run the water system. (I&E Statement 1, Exhibit 1, I&E 1-5).

As shown by Mr. Joseph, the alternatives to acquisition are impractical and not economically feasible. With that in mind, Mr. Joseph has also shown why appointing a receiver to run the system would not fix the problems with the system: the system is experiencing long-term problems, rather than short-term easily fixable issues. I&E agreed with CLPWC's conclusion that the alternatives to acquisition are not feasible or have already been implemented. (I&E Statement 1, Page 6, Ln. 13-14).

OCA disagreed with the Company and I&E regarding the 66 Pa.C.S. § 529(b) factors. OCA stated that reorganization of the Company under new management is reasonable. OCA Statement 1, Page 48, Ln. 20-24. OCA also stated that the Company entering into a contract with another public utility or service company to operate the Company is reasonable. OCA Statement

1, Page 48, Ln. 25-26. However, OCA concluded that merely requiring a new operator is insufficient to address the issues with the system. OCA Statement 1, Page 49, Ln. 1-4. OCA stated that appointing a receiver is a reasonable alternative for the system. OCA Statement 1, Page 49, Ln. 5-7. OCA further argued that because the Company is experiencing long-term issues that this indicates a lack of financial and managerial fitness to operate the system. (OCA Statement 1, Page 49, Ln. 11-14). OCA stated that merging the Company with another public utility would be reasonable. (OCA Statement 1, Page 49, Ln. 17-18). Finally, OCA states that none of the municipalities who are near the Company have expressed interest in acquiring CLPWC. (OCA Statement 1, Page 49, Ln. 5-7; Page 50, Ln. 1-2). Overall, OCA's opinion is that there are alternatives to acquisition that are reasonable.

The Company agrees with I&E that this element is met.

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

Additionally, I&E must also prove

(5) that the acquiring capable public utility is financially, managerially and technically capable of acquiring and operating the small water or sewer utility in compliance with applicable statutory and regulatory standards . . .

66 Pa.C.S. § 529(a)(5).

I&E states that Aqua has demonstrated that it is financially, managerially, and technically capable of acquiring other water companies because it already holds a certificate of public convenience to own and operate water systems and has received PUC approval to operate other systems. (I&E Statement 1, Page 9, Ln. 4-6).

The Company does not dispute that Aqua meets the definition of a capable utility who would be financially, managerially, and technically capable of operating the Water System. However, Aqua itself has stated that "Conneaut Lake is not a suitable candidate for acquisition

under Section 529, that Conneaut Lake is capable of continuing to provide safe, adequate and reasonable service at reasonable rates . . ." (Aqua Statement No. 1, Page 4, Ln. 1-4). Aqua also does not dispute that it is a capable utility, but that "our position is that Conneaut Lake is fully capable of meeting its service obligations as a public utility in Pennsylvania in compliance with the Public Utility Code and that the issues and challenges it faces are manageable and not so extreme as to warrant [Aqua] being directed to take over that utility." (Aqua Statement No. 1, Page 7, Ln. 41; Page 8, Ln. 1-3). Therefore, despite Aqua qualifying as a capable public utility and meeting the criteria pursuant to 66 Pa.C.S. § 529(a)(5), Aqua is not interested in acquiring the Water System.

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

I&E must also make a *prima facie* showing

(6) that the rates charged by the acquiring capable public utility to its preacquisition customers will not increase unreasonably because of the acquisition.

66 Pa. C.S. § 529(a)(6). The rates must be just and reasonable pursuant to 66 Pa.C.S. § 1301. The "preacquisition customers" are Aqua's existing customers. *See Investigation Instituted into Whether the Commission Should Order a Capable Public Utility to Acquire Clean Treatment Sewage Company Pursuant to 66 Pa.C.S. § 529*, 2012 Pa. PUC LEXIS 870, *43-44 ("Thus, we must determine that the rates of PAWC's existing customers will not increase unreasonably due to its acquisition of CTCS . . .").

I&E concludes that there would not be an impact on Aqua's customers if Aqua acquired the Company because the Company's customers would make up less than 0.1% of Aqua's customer base. (I&E Statement 1, Page 10, Ln. 20-21; Page 11, Ln. 1). I&E further supported its conclusion by stating that "CLPWC recently received an engineering evaluation report in which the Company

was quoted an estimate for recommended distribution system repairs totaling \$2,773,400. What is a sizable investment for CLPWC would represent less than 0.1% ($\$2,773,400 \div \$4,723,092,000$) of Aqua's \$4,723,092,000 rate base as reported on its most recent third quarter earnings report." (I&E Statement 1, Page 11, Ln. 1-6). I&E also reached this conclusion based on Aqua's previous "acquisition of small systems similar to CLPWC under investigation in Section 529 proceedings [that] have occurred without a significant increase in rates for existing customers directly related to those acquisitions." (I&E Statement 1, Page 11, Ln. 13-16). I&E's conclusion does not include a proposed rate increase for Aqua customers prior to and after the proposed acquisition of the Company or other pertinent information that would allow for a judgment of whether the rate is unreasonable. Therefore, I&E has not shown that Aqua's preacquisition customers' rates will not increase unreasonably.

Likewise, OCA stated that "Given the relative sizes of CLPWC and Aqua, it is unlikely that additional costs Aqua would incur because of acquiring CLPWC would cause the rates to Aqua Water's existing customers to increase unreasonably." (OCA Statement 1, Page 51, Ln. 9-11). OCA relies solely on the relative size of Aqua and that it can spread the costs of improving the Water System amongst many customers, rather than providing information that proves the preacquisition customers' rates will not increase unreasonably. Because of this, OCA has not met its burden.

Although I&E and OCA assert that the preacquisition customers' rates will not increase unreasonably, neither provide sufficient support. Neither provide information regarding whether Aqua would increase rates and, if so, how it would determine the amount of the rate increase. Both rely solely on the relative size of Aqua in comparison to size of the Company to show that the rate increases would not be unreasonable. While the Company does not dispute that Aqua could spread

the costs across its customer base, neither I&E nor OCA provide further discussion of how to reduce costs for preacquisition customers. *See e.g., Investigation Instituted into Whether the Commission Should Order a Capable Public Utility to Acquire Clean Treatment Sewage Company Pursuant to 66 Pa.C.S. § 529*, 2012 Pa. PUC LEXIS 870, *35, *46 ("The ALJ noted that PAWC can pursue a number of avenues to ensure that its preacquisition customers are not unreasonably impacted, including keeping the CTSC customers as a separate division, as doing so would have zero impact on its preacquisition customers. . . . While PAWC may incur substantial costs in acquiring CTSC, there are numerous ways that the impact of those costs on its preacquisition ratepayers can be mitigated."). Because of the extremely low rates that the Water System's customers have been paying for years, the amount of money invested into the Water System has been much lower than it should have been. Therefore, Aqua's preacquisition customers would be tasked with paying for improvements that the Water System customers should have been paying for through their rates for years. The Company asserts that it is inherently unreasonable for the preacquisition customers to foot the bill because the Water System's prior owners failed to appropriately increase rates.

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

When making a decision pursuant to 66 Pa.C.S. § 529(a), the Commission must consider the following factors under 66 Pa.C.S. § 529(c):

- (1) The financial, managerial and technical ability of the small water or sewer utility.
- (2) The financial, managerial and technical ability of all proximate public utilities providing the same type of service.
- (3) The expenditures which may be necessary to make improvements to the small water or sewer utility to assure compliance with applicable statutory and regulatory

standards concerning the adequacy, efficiency, safety or reasonableness of utility service.

(4) The expansion of the franchise area of the acquiring capable public utility so as to include the service area of the small water or sewer utility to be acquired.

(5) The opinion and advice, if any, of the Department of Environmental Resources as to what steps may be necessary to assure compliance with applicable statutory or regulatory standards concerning the adequacy, efficiency, safety or reasonableness of utility service.

(6) Any other matters which may be relevant.

From the Company's perspective, it is important for the Commission to consider the financial, managerial, and technical ability of the Company. As demonstrated above, the Company has an experienced certified operator who has run the system in compliance with water quality standards, and who has ensured that customers receive water above the minimum pressures required by the Commission. The Company has repaired numerous leaks in the system. The Company's administrative staff has been responsive to the needs of the customers as evidenced by the fact that not a single customer during the recent public hearings expressed a negative opinion towards that staff. In addition, the Company retained an expert water engineer to fully evaluate the system. That engineer has produced a report containing recommended improvements to be made to the system in a phased approach. The Company has explored funding options for these phased improvements and has identified work to be performed in the first phase. These efforts by the Company establish that the Company has the financial, managerial and technical capability to operate the system in compliance with Commission standards, and further establish the intent and ability to make the investments necessary to assure compliance with applicable statutory or regulatory standards concerning the adequacy, efficiency, safety or reasonableness of utility service.

It is also important to point out that DEP has not provided any opinion or advice in this proceeding relating to the Company's ability to assure compliance with applicable statutory or regulatory standards concerning the adequacy, efficiency, safety or reasonableness of utility service. The DEP's silence undercuts the claims by I&E and OCA that the Water System should be taken from the Company.

The Commission should also consider the fact that directing Aqua to acquire the Water System will result in further delays to any improvements to the system occurring. Aqua's expert, William Packer, opined that while the Company could begin making capital improvements in 2026, if this proceeding results in a directive from the Commission for Aqua to acquire the Company, under a negotiated price or eminent domain, any improvements by Aqua could be delayed until 2027 or later. (Aqua Statement R-1, Page 6, Ln. 4-11). In addition, Aqua's repairs are being spread out over ten years at a cost of \$4.2 million, while the Company is looking at a shorter time at a cost \$2.8 million.

Lastly, the Commission should consider the difference in customer service between a large out of town water company and a small local water company. The person the customer is calling at the Company is someone the customer knows who is right down the street, whereas the customer calling the Aqua service center certainly will not know the person answering the call and that person taking the call also is not just down the street. Lastly, while the improvement of the water system may be the top and only priority of the Company, under Aqua it would simply fall in line, and in competition, with the multitude of other projects competing for the same dollars.

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

Aqua is the most likely candidate for acquisition given its existing service area is located near the Company's service area. While Aqua does not want to acquire the Water System, Aqua has engaged in limited discussion with the Company regarding acquisition. (Respondent Statement 2, Page 7, Ln. 20-23). Additionally, Aqua itself stated that "Conneaut Lake is not a suitable candidate for acquisition under Section 529, that Conneaut Lake is capable of continuing to provide safe, adequate and reasonable service at reasonable rates . . ." (Aqua Statement No. 1, Page 4, Ln. 1-4). In sum, although Aqua is a capable public utility who can acquire the Company if need be, Aqua is not interested in the system and does not agree it should acquire the system.

The Company made efforts to sell the Water System to a third party in the past. The Company approached the Conneaut Lake Joint Municipal Authority to discuss the possible sale, but the Authority was not interested in the system. (Respondent Statement 2, Page 7, Ln. 13-19). Additionally, no other companies besides Aqua have engaged in any sort of discussion with the Company regarding acquisition of the Water System. (Respondent Statement 2, Page 8, Ln. 1-13).

Additionally, Ms. Wise stated in her testimony that she sent interrogatories to other companies to see if anyone was interested in acquiring the system. (OCA Statement 1, Page 50, Ln. 5-11). These companies included the Linesville Municipal Water Authority, Reynolds Water company, Greenville Water Company, Jamestown Municipal Water and Sewer Authority, Vernon

Township Water Authority, Meadville Area Water Authority, and Aqua. (*Id.*) Only Aqua responded. (*Id.*)

The Company and Aqua both agree that no company should be required to acquire the Water System. But, if the Commission requires that a company acquire the Water System, then Aqua is the most appropriate entity.

D. OTHER FACTORS FOR CONSIDERATION

i. Section 529(e) – Acquisition Price

If Aqua is ordered to acquire the Water System, Section 529(e) provides, "[t]he price for the acquisition of the small water or sewer utility shall be determined by agreement between the small water or sewer utility and the acquiring capable public utility, subject to a determination by the commission that the price is reasonable." 66 Pa. C.S. § 529(e). If the small utility and the acquiring capable public utility are unable to agree on a price, the Commission will issue an order directing the capable public utility to acquire the small utility through eminent domain. *Id.*

None of the parties submitted testimony regarding an acquisition price. To date, despite having discussions regarding Aqua acquiring the Water System, it is clear to the Company that Aqua does not want the Water System and there has been no agreement on the purchase price. The Company fully expects that the Commission will have to issue an order directing the parties to go through the eminent domain process if it orders Aqua to acquire the Water System from Company.

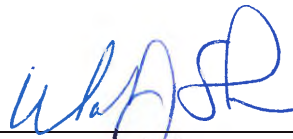
V. CONCLUSION

The Commission should deny I&E's and OCA's request to force the Aqua to acquire the Water System of the Company pursuant to Section 529. I&E and OCA has failed to prove that all of the criteria in Section 529 have been met. To the contrary, the Company has established that it can be reasonably expected to furnish and maintain adequate, efficient, safe and reasonable service

and facilities in the future; The Company further has rebutted the various claims of violations. Based on all of the evidence, the Commission should exercise its discretion to deny the request to force the acquisition for the Water System.

WHEREFORE, CLPWC respectfully requests that the Pennsylvania Public Utility Commission deny I&E's Petition under Section 529(a).

Respectfully submitted,



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Attorneys for:
Conneaut Lake Park Water Corporation, Inc.

DATED: May 27, 2026

PROPOSED FINDINGS OF FACT

1. Conneaut Lake Park Water Company ("Company") is a Pennsylvania Corporation that operates a water system as a Public Utility for a service area in the former Conneaut Lake Park area.
2. CLP Water LLC, a Pennsylvania Limited Liability Company, is the sole shareholder of the Company. (Respondent Statement 2, Page 2, Ln. 5-6).
3. Todd Joseph is the sole member of CLP Water LLC. (Respondent Statement 2, Page 2, Ln. 5).
4. Mr. Joseph has a B.S in Finance, has 28 years of experience in real estate development and redevelopment. and is the owner of various companies in the real estate sector. (Respondent Statement 2, Page 2, Ln. 8, 10-11).
5. Mr. Joseph has served as the general contractor on each of his development projects, many of which have been in excess of \$5,000,000. (Respondent Statement 2, Page 2, Ln. 11-13).
6. The Company has owned the former Conneaut Lake Park and the associated water system since March of 2021. (Respondent Statement 2, Page 2, Ln. 21).
7. The Company acquired the assets of the water system through a bankruptcy proceeding, which forced the sale of the Park and the accompanying water system assets. (Respondent Statement 2, Page 3, Ln. 2-6).
8. At the time of the sale, the water system was operable, but it was not in good condition and it needed what appeared to be a substantial amount of work. (Respondent Statement 2, Page 3, Ln. 13-14).
9. The water system also did not have individual water meters. (OCA Admission #1)
10. On April 30, 2023, more than two years after the sale, the Commission entered an order approving the transfer and issuing the Certificate of Public Convenience to the Company and granted the Trustees' abandonment of the service. (Respondent Statement 2, Page 3, Ln. 9-11).
11. Subsequently, in August 2023, the Company submitted for a rate increase to provide the funds needed to make the needed improvements for the system. (Respondent Statement 2, Page 3, Ln. 15-18).
12. There was significant opposition to the rate increase. (Respondent Statement 2, Page 3, Ln. 19-20).

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13. The water rates for the water system now owned by the Company from 2009 until the fourth quarter of 2024 were \$14.39 per month for year-round residents and \$7.20 per month for seasonal residents. (Stipulation of Fact #1).
14. Although the Company filed for the rate increase in August 2023, a rate increase, that was significantly less than requested, was not approved by the Commission until August 2024, and did not go into effect until October 2024. (Respondent Statement 2, Page 4, Ln. 1-3).
15. The rate increase that was granted was not sufficient to enable the Company to fund any improvements, and in fact, the rate increase was not sufficient to cover the water system's operating expenses. (Respondent Statement 2, Page 4, Ln. 7-9).
16. Todd Joseph has invested over \$300,000 to keep the water system running since 2021. (Respondent Statement 2, Page 4, Ln. 22).
17. Since the time of the rate case, the Company has placed the payment of the electric bills on automatic withdraw. (Respondent Statement 4, Page 4, Ln 4-7).
18. The Company's ability to make the needed improvements have been hampered by the continuing costs of litigation and the inability to obtain a rate increase that would not only cover operational costs but also cover the costs of improvement. (Respondent Statement 2, Page 4, Ln. 23; Page 5, line 1-6).
19. Prior to Mr. Joseph acquiring the water system through bankruptcy, the water system had not been self-sustaining for decades, as rates had not been increased since 2009, when they were \$14.39 a month for year-round customers and \$7.20 a month for seasonal customers. (Respondent Statement 4, Page 3, Ln 9-13).
20. The rates previously paid and currently paid by the residential users of the system are significantly lower than what is paid locally, which is \$90 a month, and in other locations \$300 a month for multi-unit dwellings. (Respondent Statement 4, Page 3-4, Ln 21-23, 1).
21. Aqua's expert William Packer opined that the current rates of the Company are comparatively low to other public utilities under PAPUC Jurisdiction. For example, Aqua's rate zone residential rates are \$93.36 a month; and PA American's Rate Zone 1 residential bill is \$93.89 a month. (Aqua Statement 1-R, Page 2-3, Ln. 23, 1-4, n.3)
22. While the Company has had operational opinions in the past, and will likely have some challenges prospectively, the Company's issues and challenges are not fundamentally different than those confronting regulated water companies in Pennsylvania regardless of their size or the nature of their service territory. (Aqua Statement No. 1, Page 3, Ln. 19-23).
23. The opinion of Aqua's expert William Packer is that the Company is fully capable of meeting its service obligations as a public utility in Pennsylvania in compliance with the Public Utility Code and that the issues and challenges it faces are manageable and not so

- extreme as to warrant AP being directed to take over that utility. (Aqua Statement No. 1, Page 7-8, Ln 41, 1-3).
24. The reality facing the Company is the same reality facing water utilities in Pennsylvania regardless of their size (e.g., big or small) or type (e.g., rural or urban): their continued ability to meet their legal service obligations is primarily predicated on adequate funding, typically through sufficient and appropriate rate increases and selective borrowing. (Aqua Statement No. 1, Page 10, Ln. 9-12).
 25. Aqua has significant experience taking over distressed water systems as requested by the Commission. (Aqua Statement R-1, Page 3, Ln. 6-9).
 26. The types of systems that Aqua has had to take over have had significant water quality or service- related issues, such as an absent owner, which is not the case of the Company, who is willing to procure the necessary resources to continue to provide public utility service to the public. (Aqua Statement 1-R, Page 3, Ln. 9-13).
 27. Examples of the kinds of systems Aqua has had to take over are a system under a boil water advisory for cryptosporidium; a boil water order where there was no certified operator; a system with a contamination event; and a system where the wastewater operator ceased operations. (Aqua Statement 1-R, Page3-4, Ln. 15-18, 1-5).
 28. The Company does not have the same magnitude of issues of the water systems that Aqua has had to take over. (Aqua Statement 1-R, Page 4-5, Ln. 7-16, 1-5).
 29. It is the opinion of William Packer, Aqua's expert, that, in light of the types of significant issues presented at the water systems it has taken over, the issues faced by the Company are not at that level and that solution for the Company is adequate rate relief, not forcing the sale of the system. Aqua Statement R-1, Page 4-5, Ln. 7-16, 1-5).
 30. Aqua conducted an inspection of the Company's water system and concluded that it had to invest approximately \$4.175 million into the water system to meet Aqua standards to be spent over a ten year period. (Aqua Statement No. 2., Page 4, Ln. 8-19).
 31. The sampling issues the Company has had on occasion are not uncommon for water systems, and which are often resolved in the ordinary course of business. (Aqua Statement No. 2, Page 506, Ln. 23, 1-4).
 32. It is the opinion of Aqua's expert Stephen Clark that while Aqua's on-site inspection identified a long-term need for capital investment to address certain repairs and equipment replacements over an approximate ten-year period, there is no evidence indicating that the Company will be unable to furnish and maintain adequate, efficient, safe, and reasonable service in the future. He further opined that with continued rate relief and prudent, selective borrowing, the Company can reasonably be expected to continue providing safe, adequate, and reasonable service in fulfillment of its obligations as a public utility. (Aqua Statement No. 2, Page 6, Ln. 9-15).

33. The Company has hired a professionally licensed, highly qualified certified operator to run the system on behalf of the Company. (Respondent Statement 2, Page 5, Ln. 7-12).
34. The Company relies upon its 3rd party certified operator to make the operational decisions for the water system. (Respondent Statement 2, Page 5, Ln. 14-15).
35. The day-to-day administrative responsibilities are handled by the Company's General Manager, Jaclyn McCoy. (Respondent Statement 2, Page 5, Ln. 16-18).
36. Ms. McCoy's job responsibilities include the following: she serves as the primary point of contact for customer inquiries regarding water service, leaks, and system concerns; she coordinates with contractors to schedule repairs and maintenance; she oversees billing operations, including invoice preparation, distribution and payment processing; she manages accounts receivable and ensures accurate recordkeeping of customer payments; and she maintains efficient communication between customers, contractors and internal operations. (Respondent Statement 3, Page 2, Ln. 7-13).
37. One of Ms. McCoy's job responsibilities is to keep a written record of service complaints, which she does by completing a written Customer Complaint Log Form. (Respondent Statement 3, Page 3, Ln. 1-10).
38. The Customer Complaint Log Form includes the name of the person complaining, the date of the complaint, the address of the complainant, the character of the complaint and the final disposition of the complaint. (Respondent Statement 3, Page 3, Ln. 11-23).
39. Ms. McCoy includes other contacts with customers other than service complaints. (Respondent Statement 3, Page 4, Ln. 3-8).
40. The Company phone number that is given on the bills to all customers is for a cell phone number attached to a cell phone that is carried by Ms. McCoy at all times. The number is not currently used for any other business of Mr. Joseph. (Respondent Statement 3, Page 4-5, Ln. 17-23, 1-2).
41. The Company's Facebook page is used by the Company as its accessible virtual location required under the Settlement Agreement. It is a private page accessible only to the customers of the system. Ms. McCoy regularly updates it with notices and other information related to the water system. (Respondent Statement 3, Page 5, Ln. 3-16).
42. Ms. McCoy acknowledged that not having a certified operator at the annual meeting was an error, but to correct the error she had a follow-up meeting a month later in September 2025. (Respondent Statement 3, Page 5, Ln. 17-21).
43. Ms. McCoy disputes the OCA's claim that 33% of the customer base complain about the service. Based on her experience, there may be multiple complaints about the same issue, typically relating to a possible water leak. In addition, several of the entries in the Customer

Complaint Log are not complaints at all, but are simply seeking information. (Respondent Statement 3, Page 6, Ln. 1-13).

44. The Company hired, Deiss & Halmi Engineering, Inc., an expert water engineering consultant ("Consultant"), to conduct a formal evaluation of the water system. (Respondent Statement 2, Page 5, Ln. 19-21).
45. Deiss & Halmi Engineering, Inc. provides consulting engineering services to municipalities, municipal authorities, industries, businesses and individuals, specializing in the areas of environmental and civil engineering. (Respondent Statement 1, Page 1, Ln. 5-8; Respondent Exhibit 1).
46. Steve Halmi, who performed the evaluation, is the President of Deiss & Halmi Engineering, Inc and is a registered professional engineer in Pennsylvania. He holds a B.S. Degree in Civil Engineering and Environmental Engineering from Penn State University in 1994 and a M.S. Degree in Civil Engineering and Environmental Engineering from Cornell University in 1996. (Respondent Statement 1, Page 2, Ln. 4, 11-15; Respondent Exhibit B).
47. Mr. Halmi has been the engineer on numerous projects involving municipal planning and engineering, water treatment and distribution systems and wastewater collection and treatment systems for nearly 30 years. (Respondent Statement 1, Page 2, Ln. 15-17).
48. Over the last five years, Mr. Halmi has worked on numerous community water systems (26), as well as non-transient and transient noncommunity water systems (15). (Respondent Statement 1, Page 2, Ln. 20-22; Respondent Exhibit C).
49. In Mr. Halmi's opinion, the water system has for the most part provided reliable service with sufficient water quantity and quality, with the exceptions occurring when distribution piping leaks or service line leaks have required portions of the distribution system to be shut down for repairs. There have been no recent issues with the wells or treatment system needing to be shut down for extended periods. (Respondent Statement 1, Page 2, Ln. 23, Page 3 Ln 1-6; Respondent Exhibit D, Page 2-3).
50. In his report, Mr. Halmi made detailed, specific recommendations relating to the following parts of the water system: the wells and well pumps; the treatment system and building; the water tank; and the distribution system . (Respondent Statement 1, Page 4 Ln 7 - Page 5, Ln. 12; Respondent Exhibit D, Pages 4-6 (Wells and Well Pumps); Pages 7-12 (Treatment System); Pages 12-13 (Treatment Building); Pages 13-14 (Water Tank); and Pages 14- 17 (Distribution)).
51. In his Report, he also estimated the cost of the recommended improvements to be approximately \$2.8 million. (Respondent Exhibit D, Exhibit 6.)
52. In his Report, Mr. Halmi broke down the cost into six phases of work, with five less than \$500,000 per project. Phase 1 mostly dealt with the Wells and treatment plant at a cost of

\$447,000; Phase 2 dealt with the water tank at an estimated cost of \$682,000; Phases 3 through 6 related to distribution line replacements (including lead service lines) for project costs ranging from \$324,000 to \$479,000. (Respondent Exhibit D, Exhibit 6).

53. The Company is able to complete the work recommended by the Consultant provided that it can obtain the funding through PENNVEST and provided that the Commission approved rates that would enable the Company to make the PENNVEST debt payments and enable it to cover the costs of operations. (Respondent Statement 2, Page 6, Ln. 8-11).
54. The Company has had discussions with PENNVEST since 2024 regarding funding options. (Respondent Statement 2, Page 6, Ln. 14-15).
55. The Company is favoring a loan process that consists of several \$500,000 loans in series to cover distinct aspects of the work recommended by the Consultant. (Respondent Statement 2, Page 6, Ln. 12-20).
56. The Company consciously shifted approaches with the idea of getting funding quicker so that it could begin making improvements quicker. The PENNVEST Small Project Program provides a more streamlined funding process where approvals for qualified small projects do not have to go through PENNVEST Board approval, but rather can be approved quickly by the staff. Given the nature of the improvements needed, the work can be completed through several distinct projects at a cost of less than \$500,000 each. This will allow the Company to focus on the projects that do not need DEP Permits sooner while we go through the DEP permitting process for those aspects of the improvements that need permitting. (Respondent Statement 4, Page 4, Ln. 15-23).
57. According the Mr. Halmi, who has experience with PENNVEST loans, it is realistic that some capital improvements can be completed in 2026. (Respondent Statement 6, Page 4-5, Ln. 16-23, 1-2).
58. Aqua's expert, William Packer, opined that while the Company could begin making capital improvements in 2026, if this proceeding results in a directive from the Commission for Aqua to acquire CLPWC, under a negotiated price or eminent domain, any improvements by Aqua could be delayed until 2027 or later. (Aqua Statement R-1, Page 6, Ln. 4-11).
59. It is Mr. Halmi's opinion that the improvements that are needed are readily achievable by the Company with funding assistance from PENNVEST and with the PUC allowing for adequate and appropriate rates to cover the cost of the improvements. (Respondent Statement 6, Page 7-8, Ln. 17-23, 1-5).
60. It is Mr. Halmi's opinion, based on his experience with the water system, that the Company can be reasonably expected to furnish and maintain adequate, efficient, safe and reasonable water service and facilities in the future. (Respondent Statement 6, Page 7-8, Ln. 17-23, 1-5).

61. While the Company has had a learning curve with the Commission's requirements and processes, it has significantly improved its operations over time. (Respondent Statement 2, Page 7, Ln. 2-5).
62. The Company's staff and certified operator have the ability to ensure that the service provided by the Company and the operations of the water system meet the Commission's standards. (Respondent Statement 2, Page 7, Ln. 7-9).
63. The Company's plan to improve the water system is solid and executable, especially given the experience of Mr. Joseph in the construction and development industry. (Respondent Statement 2, Page 7, Ln. 5-7).
64. Shortly after acquiring the water system, efforts were made to sell the water system, but no entity expressed any interest, including the Conneaut Lake Joint Municipal Authority, which operates the sewer system in the water service area, and Aqua. (Respondent Statement 2, Page 7, Ln. 10-23).
65. The Company does not have any loan debt as Mr. Joseph financed the purchase of the park (and the water assets) out of bankruptcy without any debt service attributable to the Company. (Respondent Statement 4, Page 3, Ln. 1-5).
66. The Company filed its Annual Reports for 2023 and 2024, albeit late; and has timely filed its annual report for 2025. (Respondent Statement 4, Page 5, Ln. 8-12).
67. OCA's criticism relating to the Company advising customers that their share of the capital costs could be 75% of the total is unfounded when the last rate case used that split between residential and commercial customers. (Respondent Statement 4, Page 5, Ln. 13-19).
68. OCA's criticism relating to the Company not telling about a change in operator is unfounded where there was simply a change in ownership and the person acting as the primary certified operator had not changed. (Respondent Statement 4, Page 5-6, Ln. 20-23, 1-2).
69. OCA's criticism relating to the Company's approach to the PENNVEST loans is unfounded and miscomprehends the nature of the PENNVEST loan program and the options it offers. (Respondent Statement 4, Page 4-5, Ln. 8-23, 1-2; Respondent Statement 6, Page 2-4, Ln. 13-23, 1-23, 1-2.).
70. While the Company acknowledges that the water system needs improvements, it also points out that many of the most vocal opponents of the Company continuing to operate the water system have other agendas against Mr. Joseph that they are pursuing, and also fail to actually submit their complaints to the Company. (Respondent Statement 4, Page 6-7, Ln. 6-23, 1-2; Respondent Statement 3, Page 6-7, Ln. 14-23, 1-5; Respondent Statement 6, Page 6, Ln. 14-22).

71. Mr. Joseph operates a hotel and campground on the water system which consist of 140 seasonal hookups at the campground and 65 rooms in the hotel, and he has received no complaints about the water. (Respondent Statement 4, Page 7, Ln. 3-18).
72. Matthew Elchert is the owner of Keystone Water Systems, LLC, which is a full service water systems company, including operating public water/wastewater systems. (Respondent Statement 5, Page 1, Ln.1-7).
73. Mr. Elchert has a B.S. Degree in Chemical Engineering and an MBA from Marshall University. He worked for OxyChem for five years as a chemical process engineer and then worked at Bayer Material Science for fifteen years. (Respondent Statement 5, Page 1, Ln.9-11).
74. Mr. Elchert also has been the owner of Chatfield Drilling Inc. for the past eight years. Chatfield has twenty-two employees and performs geotechnical, environmental and water well drilling. He is an NGWA Certified well driller and a certified pump installer. (Respondent Statement 5, Page 1, Ln.11-15).
75. Mr. Elchert reviewed the 2024 NOV received by the Company. (Respondent Statement 5, Page 3, Ln.8-13).
76. As a result of the review, Mr. Elchert concluded that many of the purported violations were not actually violations because the DEP cited to the Design and Construction Standards that do not apply retroactively to the Company's water system. (Respondent Statement 5, Page 3-4, Ln.14-23, 1-6).
77. Mr. Elchert also indicated that the Company has corrected a number of the issues cited by the Department, including some that were not violations. (Respondent Statement 5, Page 4, Ln. 7-16; Page 5, Ln. 5-8; Page 6, Ln. 1-9; Page 7, Ln. 15-20; and Page 7-8, Ln. 21-23, 1-3)).
78. Mr. Elchert expressed the opinion that the violations asserted by DEP did not rise to the level of affecting the safety, adequacy, efficiency or reasonableness of the service provided by the Company. He arrived at this opinion because a number of the identified violations were not actually violations; a number of them have been corrected, and the ones that have not been corrected are under a plan to be corrected. Lastly, the one relating to the addition of the sodium silicate is actually improving the water system. (Respondent Statement 5, Page 8-9, Ln.21-22, 1-7).
79. The water quality testing conducted by the Company from 2020 through 2024 shows that the water system produces water that is consistently below the applicable water quality standards. (Respondent Statement 5, Page 9-10, Ln. 12-23, 1-10; Respondent Exhibit F).
80. The water pressures as measured based on water tank levels for the water system for 2024 and through April 2025, showed pressure levels under the upper 40 psig range during the

- entire period, which exceed the minimum pressures the Company must maintain. (Respondent Statement 5, Page 10, Ln. 11-22; Respondent Exhibit G).
81. Mr. Elchert expressed the opinion that the system water pressures satisfy the pressure requirements of the Commission. (Respondent Statement 5, Page 10-11, Ln. 22, 1-2).
 82. Because of customer complaints about chlorine odors in the water, Mr. Elchert reviewed the chlorine data of the water system. Based on his review, he concluded that none of the chlorine levels in the system exceed the applicable water quality standard for chlorine. He also pointed out that the Company is required to inject chlorine into the system. (Respondent Statement 5, Page 11, Ln. 15-19; Respondent Exhibit H).
 83. Although arsenic levels have increased, there has not been a violation of the arsenic standard in the water system. (Respondent Statement 5, Page 11-12, Ln. 20-23, 1-7).
 84. Despite OCA's claims that the Company does not have a plan for improvement, the Company does have a plan, which it has continued to develop since it first provided the plan to the Parties in December 2025. (Respondent Statement 7, Page 2, Ln. 10-19; Respondent Exhibit I).
 85. The Company intends to proceed with Phase 1 of the Plan, which will include the following work in the Mr. Halmi's report: (a) wells and well pumps works; (b) treatment system upgrades and (c) treatment building upgrades, which will be funded through a PENNVEST loan in an amount not to exceed \$500,000. (Respondent Statement 7, Page 2-3, Ln. 20-23, 1-10).
 86. On April. 29, 2026, the Company received a letter from the Commission advising that the Company had 30 days to submit its Lead Service Line Replacement Program. (Respondent Statement 8, Page 2, Ln. 7-9).
 87. On May 5, 2026, the Company received a letter from the Commission advising that the Company had 10 business days to submit its Metering Plan. (Respondent Statement 8, Page 2, Ln. 7-9).
 88. On May 11, 2026, the Company submitted its Metering Plan to the Commission. (Respondent Statement 8, Page 4, Ln. 8-13).
 89. The Company intends to submit its Lead Service Line Replacement Program to the Commission before the 30 day deadline, as it already has conducted its lead service line inventory. While the Company correctly believed it did not have any lead service lines, it did not realize it had 26 galvanized service lines that needed to be replaced. (Respondent Statement 8, Page 3, Ln. 9-15).
 90. In the opinion of William Packer, Aqua's expert, the question before the Commission is not whether Aqua can provide better service than the Company, but rather, whether the

Company cannot be reasonably expected to furnish adequate, safe and reliable service in the future. (Aqua Statement 1-SR, Page 2, Ln. 13-16).

91. In the opinion of William Packer, Aqua's expert, the water system should not be taken from the Company because "(1) CLPWC has an owner that is interested in taking the steps needed to improve the quality of facilities and service, (2) CLPWC has commissioned and received a study to support the improvement of facilities, (3) CLPWC has a plan for obtaining the capital to support infrastructure improvements, and (4) there are no outstanding orders from the Pennsylvania Department of Environmental Protection ("PaDEP") or the Commission finding that CLPWC has disregarded any of their directives materially impacting the provision of adequate and reasonable service. In short, given the Company's plans and intentions, there is no basis for claiming that CLPWC's present or anticipated future service is inadequate, let alone that CLPWC should lose its certificate of public convenience and be forced to sell the Company to another owner." (Aqua Statement 1-SR, Page 2-3, Ln. 17-22, 1-5).
92. While I&E claims that that the Company is in violation of the 2024 Notice of Violation issued by the Pennsylvania Department of Environmental Protection to satisfy Section 529(a)(2), it has admitted that a Notice of Violation is not an Order of the Department. (I&E Statement No. 2, Page 9, Ln. 6-17; I&E Admission Page 14).
93. The only basis for I&E to conclude that the requirement of Section 529(a)(3) is met is that there are a limited number of customers to bear the cost of repairing the system; yet I&E ignores that the water rates paid by the customers are unreasonably low. (I&E Statement No. 2, Page 10-11, Ln. 11-22, 1-9).
94. The claims relied upon by I&E to establish that the requirement of 529(a)(1) is met (i.e. unaccounted for water, the Annual Reports, the arsenic issue and the DEP NOV) have all been addressed by the Company and do not support that the Company is in violation of any statutory or regulatory standard affecting safety, adequacy, efficiency or reasonableness of the water service provided. (I&E Statement No. 2, Page 5 Ln. 6 through Page 8, Ln. 17).
95. According to his resume, I&E's witness, Zachari Walker, has never testified or worked on a Section 529 case. (I&E Statement No.1, Appendix A).
96. According to his resume, I&E's expert witness, Ethan Cline, has worked on a total of 122 cases, with only one case involving a Section 529 Investigation. (I&E Statement No.2, Appendix A).
97. Although I&E relies upon historical issues between Mr. Joseph and certain customers raised in the 2023 rate case, I&E fails to point to any events occurring between Mr. Joseph and the customers of the water system since the rate case.
98. Mr. Joseph's reference to the customers who have complained the loudest is not being dismissive of the issues with the system, but rather points out that these customers have

- agendas well beyond the water system; if Mr. Joseph was dismissive of the concerns he would not have hired the engineer to evaluate the system and then plan to fix the system.
99. Although I&E claims that the Company is in violation of the Clean Streams Law, the Pennsylvania Sewage Facilities Act, the Pennsylvania Safe Drinking Water Act, and regulations adopted thereunder, it cites to no specific section of these laws or regulations to support its claim, nor does it present any evidence of such violations. (See E.g., I&E Statement No-2-R, Page 2, Ln. 15-18).
 100. I&E's conclusory statement that the improvements sought by the company cannot be achieved without an unreasonable rate increase was not supported by any analysis or calculations. (I&E Statement No. 2-SR, Page 6, Ln. 15-18).
 101. According to her qualifications, OCA's witness, LeeAnn Wise, has not testified in a Section 529 case in the past. (OCA Statement 1, Exhibit 1-LWM).
 102. According to her qualifications, OCA's witness, LeeAnn Wise, has no experience with operating a water system utility. (OCA Statement 1, Exhibit 1-LWM).
 103. OCA acknowledges that there is no specific requirement in the Public Utility Code or regulations to have a publicly accessible website. (OCA Statement 1, Page 17, Line 5-6).
 104. OCA's witness, LeeAnn Wise, admitted that she is not an engineer, and her qualifications reveal no technical training or experience. (OCA Statement 1, Exhibit 1-LWM; OCA Statement 1-R, Page 10, Ln 12-13).
 105. OCA's witness, LeeAnn Wise admitted that she is not offering opinions on the technical operations of the water system because she is not an engineer. (OCA Statement 1-R, Page 10, Ln 12-13).
 106. OCA's witness, LeeAnn Wise, acknowledged that she was not present during the technical review of the system. (OCA Statement 1-R, Page 10, Ln 12-13).
 107. OCA's witness, LeeAnn Wise, submitted as Exhibit 1 to OCA Statement 1-R, an amortization schedule that she relied on in her written testimony; however, the amortization schedule is incorrect as it was set for \$50,000, which skewed the numbers. In addition, Ms. Wise failed to account for the rate treatment difference between residential and commercial customers further skewing the numbers. (OCA Statement 1-R, Exhibit 1).
 108. OCA's witness, LeeAnn Wise, acknowledged that her claims about bad debt were explained by Mr. Joseph in his rebuttal testimony. (OCA Statement 1-SR, Page 1-2, Ln. 19-23, 1-8).
 109. OCA's witness, LeeAnn Wise acknowledged that the Company's pursuit of the Small Business Project Funding "provides the most effective means for the Company to meet the

financial requirements needed to improve the water system infrastructure." (OCA Statement 1-SR, Page 3, Ln. 3-7).

110. While Ms. Wise criticized informing the customers that their share of improvements would likely be 75% of the total, she did not disagree with the statement, only the manner of delivery. (OCA Statement 1-SR, Page 4-5, Ln. 19-21, 1-6).
111. While Ms. Wise criticized the Company for not advising the customers that the certified operators changed, she acknowledged that the Company was not obligated under Commission requirements to provide such notification. (OCA Statement 1-SR, Page 5, Ln. 7-15).
112. While Ms. Wise suggested that the Company missed two PENNVEST deadline, she acknowledged that those deadlines related to a PENNVEST funding program the Company is not pursuing. (OCA Statement 1-SR, Page 5- 6, Ln. 20-21, 1-6).
113. While Ms. Wise comments on chlorine smell, low pressure and arsenic, she fails to identify any violation associated with those issues; simply saying that they are "concerning.". (OCA Statement 1-SR, Page 12-13, Ln. 14 - 22, 1-4).
114. Ms. Wise acknowledged that the Company is maintains a complaint log, but claims it is was missing some references to how a complaint was resolved and when. (OCA Statement 1-SR, Page 14, Ln. 1-16).
115. Ms. Wise did not dispute Ms. McCoy's testimony regarding the cell phone number, but suggested removing historical google references to that number. (OCA Statement 1-SR, Page 14-15, Ln. 17-22, 1-4).

PROPOSED CONCLUSIONS OF LAW

1. The Conneaut Lake Park Water Company is a public utility as defined in Section 102 of the Public Utility Code. 66 Pa. C.S. § 102.
2. The Commission has the power to order a capable public utility to acquire the Conneaut Lake Park Water Company. 66 Pa. C.S. § 529(a).
3. The Bureau of Investigation and Enforcement bears the burden of proof to establish a prima facie case that the acquisition of a small water or sewer utility is in the public interest and complies with Section 529. 66 Pa. C.S. § 529(i).
4. Conneaut Lake Park Water Company is not in violation of statutory and regulatory standards of both the Public Utilities Code and the Pennsylvania Safe Drinking Water Act. 66 Pa. C.S. § 529(a)(1) which affect the safety, adequacy, efficiency or reasonableness of the service provided by the small water or sewer utility;.
5. Conneaut Lake Park Water Company has not failed to comply within a reasonable period of time, with an order from the Department of Environmental Resources, or the Commission concerning safety, adequacy, efficiency, or reasonableness of service. 66 Pa. C.S. § 529(a)(2).
6. Conneaut Lake Park Water Company can reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future. 66 Pa. C.S. § 529(a)(3).
7. The Bureau of Investigation and Enforcement has not met its the burden to establish a prima facie case that the acquisition of a small water or sewer utility is in the public interest and complies with Section 529. 66 Pa. C.S. § 529(i).

PROPOSED ORDERING PARAGRAPHS

It is Ordered:

1. The Commission Orders that the Petition to Request the Commission Open a Section 529 Investigation into the Acquisition of Conneaut Lake Park Water Corporation, Inc. of the Bureau of Investigation and Enforcement is denied.

Administrative Law Judge Eranda Vero

ORDER ENTERED:

CERTIFICATE OF SERVICE

I hereby certify that I have this 27th day of May, 2026, served a true copy of the foregoing document upon the parties, listed below, by the manner indicated below, and in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party):

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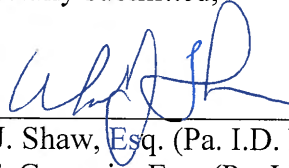
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