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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

November 22, 2019

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

RE: Docket No. M-2019-3013286  
Act 120 Questionnaire

Dear Ms. Chiavetta:

In response to the notice published at 49 Pa.B. 6652 on November 2, 2019, regarding the Implementation of Act 120 of 2018, attached are responses to the questions that were outlined in Attachment 1.

Should you require any additional information, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "David T. Lewis".

David T. Lewis, P.E.  
Vice President and  
General Manager

**Columbia Water Company**

220 Locust Street ■ P.O. Box 350 ■ Columbia, PA 17512  
Phone: 717-684-2188 ■ Fax: 717-684-4566

## **Planning and Reporting**

*M-1 What information should utilities seeking to replace LSLs and DWWLs provide in a distinct comprehensive replacement plan or as integrated elements within their long-term infrastructure improvement plans (LTIIPs)?*

A distinct comprehensive replacement plan should include the number of LSLs to be replaced by year, estimated cost of the replacements, breakdown of number on the customer side and company side, and an estimate of the total number of LSLs in the system. Only those utilities that have sought and obtained approval from the PUC to replace the customer side LSLs and place the costs into base rates would need to prepare the report.

*M-2 What are the most effective methodologies for completing a thorough study to locate and identify LSLs and DWWLs within a utility's service territory?*

The most effective methodologies would be a review of company records, test pits in suspected areas and inspection of service lines at the point where they enter the building.

*M-3 What would be a reasonable timeframe, based upon a concerted effort, for a utility to identify all the LSLs within its service territory via historical records, city permits, direct visual inspections and other such means early in an LSL replacement plan's schedule as part of a utility's LTIIP?*

To complete a through identification of all LSL in a system a company will need up to 18 to 24 months after tariff approval to complete. A review of records would occur first and then some test pits and interior inspections will be necessary to prepare an accurate count. Preparing this information prior to having PUC approval to place the costs of replacing the customer side LSLs into base rates could result in stranded (i.e. unrecoverable) costs should approval not be received.

*M-4 What are the best practices and avenues for reporting and/or communicating the results of a thorough study to locate and identify LSLs and DWWLs within a utility's service territory?*

The best option for reporting the results would be through an updated LTIIP. Alternatively, a stand-alone report could be prepared. Only those utilities that have sought and obtained approval from the PUC to replace the customer side LSLs and place those costs into base rates would need to prepare the report.

*M-5 Other than annual asset optimization plans filed pursuant to 66 Pa. C.S. § 1356, what is/are the most effective means of reporting the progress of LSL and DWWL replacement program efforts, including the number of LSL and/or DWWL replacements, the size and length of pipe removed, the cost per service, the location of removal, site conditions, etc.*

Other than reporting progress through the AAOP, which would be an excellent avenue for reporting results, a stand-alone report could be prepared.

### **Communications**

*M-6 What information should be provided to customers that are or may be affected by a known or suspected LSL or DWWL (e.g., The utility's replacement schedule, the material type of the company owned service line, etc.)?*

The following information should be provided to the customer:

- Acknowledgement that a LSL may exist
- Company offer to replace it at company's cost
- A schedule for replacement
- The need to enter the premise to perform the work
- Notice that the water will be off temporarily to perform the work
- How to submit questions
- Information on why replacement is important and the related health benefits
- The proposed material that will be used in the replacement
- Who will own the line and be responsible for the long-term maintenance
- Length of warranty to be provided
- Draft replacement agreement and waiver of liability

*M-7 How and when should information be provided to customers that are or may be affected by a known or suspected LSL or DWWL? Discussions may include, but are not limited to, providing information in a website portal and/or printed materials, sending out materials at periodic intervals and/or providing materials when a customer completes an application for service.*

Printed materials should be provided to the customers just prior to replacement if a customer side LSL replacement program will be initiated. Since LSLs may not be located uniformly throughout a distribution system, mass mailings or general messages on a web site should be avoided to prevent confusion or unnecessary concern.

*M-8 What information, if any, should the utility provide a municipality about the number of known and suspected LSLs within its jurisdictional boundaries and the potential schedule for replacement?*

The following information should be provided to the municipality if a customer side LSL replacement program will be initiated:

- Number of known LSLs in the municipality
- Company's plan to replace at its cost
- Explanation of ownership and long-term maintenance responsibilities
- Warranty period being provided
- A replacement schedule
- The reason for and health benefits of replacing the LSLs.

*M-9 What processes and procedures should utilities follow based upon a customer's acceptance of an LSL or DWWL replacement?*

The following procedure should be followed:

- Have customer sign an agreement which includes acknowledgement of any warranty period being provided, long term maintenance responsibilities and a waiver of liability.
- Provide a brief description of the replacement process
- Coordinate a pre-inspection date to prepare for actual work
- Coordinate the actual replacement date
- Remind customer of need for company and/or its representative to enter the premise to complete the work.
- Remind customer that water will be off for a period of time during the work

*M-10 What content should be included in notices to utility customers when a utility files a new tariff or tariff supplement pursuant to 66 Pa. C.S. § 1308 to replace LSLs and DWWLs?*

The following should be provided in a notice to customers when a revised tariff application is filed:

- What the company is requesting
- Reasons why removal of LSLs is important, including health benefits
- How costs will be recovered
- Overall benefits to the public
- Why the tariff change is necessary
- How the tariff approval process works
- Benefits of spreading costs over all customers

## **Replacements**

*M-11 What are the best ways to prioritize LSL replacements outside of scheduled main replacement and relocation projects to allow for a proactive and distinct LSL replacement program in an efficient and effective manner?*

Highest priority should be given to sensitive populations including those with high concentrations of children. Next in the priority line should be the known and/or scheduled main replacement projects which may be timed to correspond with municipal projects. After that the focus should be on streets with the highest concentration of LSLs. The lowest priority should be given to those LSLs that are scattered about.

*M-12 Should priority LSL replacement scheduling be provided for customers where water is/will likely be consumed by sensitive populations (e.g., children in schools or day-care centers, pregnant women, etc.), what criteria should make a customer eligible for prioritization and how should utilities obtain this information?*

Yes, priority should be given to sensitive populations. Any facility with high concentrations of children or known sensitive populations should be considered a priority. Identifying individual dwellings with a pregnant resident would not be feasible. Even seeking information on individual pregnancies would be controversial and would violate privacy laws. Identification of facilities with high concentrations of children or sensitive populations can be obtained from the municipalities. Schools and facilities with larger water service lines are likely not to have LSLs. LSLs greater than 1-inch are very rare and likely do not exist. We have never found a LSL greater than 1-inch in diameter.

*M-13 Describe the considerations and replacement procedure of a LSL on a property where the site conditions would be conducive to a standard approach?*

The following considerations and procedures would be typical of a standard LSL replacement:

- Place a Pa One Call
- Excavate in street, sidewalk and/or yard to expose existing service line
- Turn off service at curb stop
- Remove the LSL and install a new service line, curb stop and curb stop box
- Turn water back on at the curb stop
- Flush out the new service line
- Check for leaks
- Backfill the trench
- Restore the roadway, sidewalk and/or lawn areas.

*M-14 Describe the considerations and replacement procedure of a LSL on a property where the site conditions would require the utility to take unique or extraordinary efforts?*

The procedure would be the same as outlined in M-13 except one or more of the following could complicate the replacement:

- Portion of LSL crosses the property of a different property owner who may be uncooperative
- LSL is located beneath a porch, deck or shed.
- LSL is located within extensive or elaborate landscaping area
- LSL located beneath concrete, brick or elaborate driveway or patio
- Nonstandard meter setting within dwelling
- Inaccessible meter setting
- No shut off valves at meter setting
- LSL extends a long distance within the dwelling prior to the meter
- Extensive hand digging necessary due to high concentrations of buried utilities

*M-15 Should the Commission establish a cap on the amount a utility is permitted to invest in a LSL or DWWL replacement for a customer, what should this amount be and would it be reasonable to establish this cap based on a customer's meter size?*

If the goal is to eliminate all LSLs, then no cap should be established. Although some LSLs may be costly to replace, it doesn't possess a lesser health risk. If the replacement will be costly there is a much greater chance that the customer will avoid/delay replacing it on their own. Spreading the costs over the entire customer base benefits the public.

### **Refusals**

*M-16 What processes or procedures should utilities follow based upon a customer's refusal of a LSL replacement, including:*

- a. *Should there be any implications for residential real estate property where the presence of an LSL is identified but the current property owner refuses to voluntarily and affirmatively collaborate with the public utility in question in the replacement of such identified LSL (e.g., filing of notices with appropriate municipal authorities and property registration records whether the LSL and the corresponding company-owned LSL have been identified and have or have not been replaced)?*

The municipality should be provided a list of locations where a LSL exists and the owner has refused to replace it or has refused to have it replaced by the company. Municipalities have the sole ability to enforce replacement.

- b. Should utilities install a backflow prevention device on the company's service line and/or terminate service to the customer if an LSL is not replaced within a reasonable period?*

No, backflow preventors should not be placed on the company's service line. A backflow prevention device requires maintenance and cannot be buried. A buried backflow device in the middle of a service line would be a nonstandard practice. Termination may be an excessive option given that the service line has been in use and was considered acceptable for likely 50 plus years.

- M-17 What processes or procedures should utilities follow based upon a customer's refusal of a DWWL replacement?*

We do not provide wastewater services and are unable to provide information related to DWWLs.

- M-18 If a customer refuses to accept full replacement of a LSL, what considerations should be addressed to reduce potential liabilities for the utility and its ratepayers?*

The company will need to continue to follow regulations by providing water that meets water quality standards and minimizes the amount of lead that is absorbed into the customer's water. The company will need to continue feeding a corrosion control chemical into the water. A company could request that the customer sign a waiver of liability if the customer refuses to accept full replacement. A company has no authority to compel the customer to sign the waiver.

- M-19 Considering health implications associated with partial LSL replacements, should Company-owned LSLs be replaced where a customer refuses to allow replacement of the customer-owned LSL and, if so, what additional procedures should a utility follow than those previously discussed?*

The partial LSL replacement should occur especially if the company feeds a corrosion inhibitor. Additional information should be provided to the customer outlining the short-term increased lead exposure that may occur with the partial replacement. This information should accompany a renewed offer by the Company to replace the service line without cost to the customer. Allowing a few LSLs to remain in place during a main replacement or street renewal project would not be wise for many reasons including economic and infrastructure integrity/longevity reasons.

*M-20 When a number of LSLs are identified within a municipal boundary, should the utility seek legislative support regarding LSLs from the municipal entity to support a complete LSL replacement effort?*

The company should seek legislative support from the municipality to support complete LSL replacement. A better approach would be some sort of state wide legislative support of complete LSL replacement.

**1311(b) Analysis**

*M-21 What is the appropriate definition of a DWWL?*

We do not provide wastewater services and are unable to provide information related to DWWLs.

*M-22 What are reasonable standards, processes, and procedures for establishing the maximum number of LSLs and DWWLs that can be replaced annually?*

The number of LSLs that can be replaced annually should not be capped. Capping the number of LSLs to be replaced annually is counterproductive to the goal of eliminating all LSLs. It would be in the public's best interest to remove as many LSLs as possible each year. The company's ability to remove LSLs should not be impeded by an artificial cap. The DSIC program when approved and placed into the tariff has a cap and serves as the overall cap for all distribution system improvements. Sometimes outside forces are the driver of a main replacement project and LSLs should be removed at the same time which may not be possible if a cap is in place.

*M-23 What are reasonable standards, processes, and procedures for establishing a reasonable LSL or DWWL warranty term?*

Warranties on water service line installations are not typical. When they do occur, they are normally covered under some overarching warranty associated with new building construction. Due to the relatively low risk of failure once installed, providing a company issued warranty would be reasonable. A company issued warranty may also be another incentive for a property owner to agree to the LSL replacement. The warranty period should be established by the PUC and be uniform across the state. A 12- to 24-month warranty period would be reasonable.

*M-24 What are reasonable standards, processes, and procedures for establishing the amount and means for reimbursing customers that have replaced a LSL and/or DWWL within one year of commencement of a replacement project?*



Reimbursement should be based upon an actual invoice. The customer should provide proof that the invoice has been paid and is not outstanding. The invoice should indicate that the entire customer-side LSL was removed and not simply repaired or partially removed. The company should not be responsible for providing a warranty for work completed by the customer. A standardized form should be prepared by the PUC that the customer signs that states all of the customer-side lead has been removed, that the invoice being present for reimbursement is true and correct, that the invoice has been paid by the customer and is not outstanding, and that the customer understands that reimbursement does not confer a warranty. Reimbursement of service lines that were not made of lead or galvanized steel should be specifically excluded.

*M-25 What constitutes customer LSL and DWWL projects as referenced in 66 Pa. C.S. 1311(vii)(B) and how would reimbursements be linked to the referenced project (e.g., proximity or direct impact)?*

The service line must have been replaced within 12-months of the tariff change, it has to be a lead service line and the customer must have written proof of the actual replacement date and costs. Any customer covered by the tariff should be eligible for reimbursement if they meet the reimbursement criteria. An alternative would be to start the 12-month period once a LSL replacement project starts in a particular municipality.

### **Rates**

*M-26 What benefits do LSL and DWWL replacements provide to each customer class, including the public and private fire protection, bulk/wholesale and industrial customer classes?*

Eliminating LSLs will reduce the company's overall and long-term operating costs since system wide water quality improvements will be realized. Lower operating costs benefit all customer classes equally. The elimination of LSLs also improves the health of the community as a whole.

*M-27 What benefits do utilities and ratepayers realize from LSL and DWWL replacements apart from a return on and of the utility's investment?*

Benefits apart from a return on and of the utility's investment would include the following:

- Healthier community
- Better water quality
- Less service disruptions due to newer infrastructure
- Less non-revenue water
- Less street openings/disruptions
- Easier/less-costly regulation compliance

*M-28 What is the applicable depreciation or amortization rate for LSL and DWWL replacement costs for DSIC purposes and would this change over the life of the investment?*

The depreciation or amortization rate should match what is used by the company for its own service lines of similar construction. The rate should remain the same over the life of the investment.

*M-29 What is the applicable depreciation or amortization rate for LSL and DWWL replacement costs for base rate purposes and would this change over the life of the investment?*

The depreciation or amortization rate should match what is used by the company for its own service lines of similar construction. The rate should remain the same over the life of the investment.

*M-30 When allocating LSL and DWWL replacement costs between customer classes, what guidelines should balance cost causation, benefits received and LSL/DWWL replacement program participation while ensuring just and reasonable rates?*

Costs of service line replacement should be directly assigned to the cost causative customer class.

*M-31 When allocating LSL and DWWL replacement costs within a customer class, should customers with larger meters and greater consumption than the average member of their customer class have a lesser, equal or greater proportionate financial responsibility for LSL and DWWL replacement costs and should this responsibility be capped at a fixed amount for customers with meters larger than a certain size?*

Almost all LSLs are 1-inch or smaller in size and thus customers with larger meters will not have LSLs. The consumption through a LSL will generally be the same due to the physical limit of the service line. The cost to replace LSLs will not vary by size since the vast majority of LSLs are 1-inch or smaller in size.

*M-32 What alternative financial support sources exist for the replacement of LSLs and DWWLs, e.g., grants, and how should the potential and actual use of such funding sources be recognized by public utilities for accounting and ratemaking purposes in their respective LSL and DWWL replacement programs?*

Possibly Pennvest funds and/or community block grant funds could be used for customer-side LSL replacements. Grants would be shown as an offset to the overall cost of the replacement. Amounts reimbursed by a grant would not be included in the base rates. An alternative would be for the customer to receive the grant directly and use the grant to replace the LSL independent of the company.

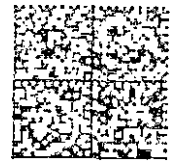
*M-33 Should utilities be required to continually seek out alternative financial support sources to fund the replacement of LSL and DWWLs and how should these efforts be documented and/or reported?*

Yes, but only if viable and widely available alternative financial support exists. Alternative financial support could vary widely based upon community economics or the Company's ability to access certain financial markets. The PUC could compile and distribute annually a list of available alternative financial support avenues. Alternative financial support received by a company for LSL replacements could be reported in the AAOP and/or in the Annual Report submission.

*M-34 Should utilities be required to submit and receive approval of a new tariff or a tariff supplement pursuant to 66 Pa. C.S. § 1311(b)(v) before LSL and DWWL replacement costs are incorporated into a utility's LTIP?*

Yes. Without the proper tariff in place, authorization to do the work and a mechanism to recover the costs would not exist. A LTIP should not include speculative projects that are contingent upon future approvals to complete. Without the tariff approval in place, a company may not even invest the time and money needed to determine the actual number of customer-side LSLs that exist. This information is needed to properly prepare the data needed to place the work into the LTIP. Without PUC approval, those costs would not be recoverable.

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220 Locust Street  
P.O. Box 350  
Columbia, PA 17512  
Phone: 717-684-2188  
Fax: 717-684-4566

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P.O. Box 3265  
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