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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

May 4, 2017

Mr. George Forsyth, Jr.

General Manager

Newtown Artesian Water Company

P.O. Box 217

Newtown, PA 18940-0217

Re: Focused Management and Operations Audit (MGT), D-2016-2559577

Dear Mr. Forsyth:

 The Commission appreciates the cooperation extended by the officers and employees of Newtown Artesian Water Company (NAWC or Company) to the Bureau of Audits’ staff during the recent Focused Management and Operations Audit. We seek NAWC’s further cooperation in implementing the recommendations cited in the audit report.

 As you know, the staff analyzed and evaluated management performance in five functional areas or issues during the course of the audit. Staff identified two areas as needing moderate improvement and three areas as needing minor improvement. The moderate improvement areas (see Chapter III – Corporate Governance and Chapter V – Water Operations) offer the greatest potential for increased effectiveness and/or reduced costs. Consequently, the Commission believes they should be the primary focus of NAWC’s implementation efforts.

 At its Public Meeting of May 4, 2017, the Commission acknowledged receipt of the Company’s March 2017 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that NAWC’s Implementation Plan indicates acceptance of 17 recommendations and the rejection of one recommendation. Receipt of this Implementation Plan does not constitute acceptance by the Commission of the actions already taken, those actions to be taken, or any explanations and cost/benefit analyses provided. NAWC’s implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date. This review will be made to determine if the Company has effectively implemented the thrust of the recommendations or effectively provided detailed explanations and cost/benefit analyses in support of those recommendations or parts thereof not implemented.

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 Accordingly, the Commission directs NAWC to:

* Proceed with the March 2017 Implementation Plan, and
* Submit implementation progress reports annually, by May 1st, for the next three years.

The Commission’s direction to proceed with the Implementation Plan should not be construed as approval of the plan.

**** Sincerely,

 Rosemary Chiavetta

 Secretary

RC/cp