



The York Water Company

March 1, 2018

Mr. Nathan Paul
Audit Supervisor
Bureau of Audits
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
chpyle@pa.gov

Re: Management Efficiency Investigation, Docket No. D-2017-2606106

Dear Mr. Paul:

In accordance with your letter dated January 30, 2018, we have attached an Implementation Plan for the eight items that you requested follow-up recommendations.

I'd like to thank your audit team for the excellent discussions we've had and their continuing efforts to reduce costs and improve service to our customers. The expertise displayed by your team, which has been accumulated from many audits and visits to other water utilities has been exemplary and we appreciate the opportunity to learn from their knowledge and experience. York Water is proud of our efforts to maintain amongst the lowest water rates in the state while having some of the lowest complaint rates, and we couldn't provide this exceptional service without your assistance.

If you have any questions, please don't hesitate to call or email.

Sincerely,

Jeffrey R. Hines, P.E.
President and Chief Executive Officer

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THE YORK WATER COMPANY
Management Efficiency Investigation, Docket No. D-2017-2606106
Implementation Plan, March 1, 2018

Finding No. IV-3 Response and Implementation Plan

Follow-up Recommendation – Strive to achieve full compliance testing of backflow devices for commercial and industrial customers.

The recommendation is accepted.

Actions to be Taken: York Water will continue striving for 100% compliance with the Company's backflow prevention program. The Company acknowledges its authority to terminate water service for violations of or failure to comply with the Company's backflow prevention program. The Company will follow up with a letter to any customer who was out of compliance in 2017 to assist them with gaining compliance. Should a customer not respond or provide the required testing certificate, York Water will initiate the posting process up to and including termination of water service.

Individual Responsible: John Strine, VP Operations

Date recommendation is to be implemented: June 1, 2018 and ongoing updates.



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Finding No. V-1 Response and Implementation Plan

Follow-Up Recommendation – Update the Emergency Response Plan (ERP) and review it annually.

The recommendation is accepted.

Actions to be Taken: York Water agrees with the importance of reviewing its ERP annually. The Company has and will continue to do so. A change log has now been included with the ERP to verify that an annual review has occurred.

Individual Responsible: JT Hand, COO

Date recommendation is to be implemented: Complete and ongoing updates.



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Finding No. V-2 Response and Implementation Plan

Follow-Up Recommendation – Add contact information for law enforcement and national security related agencies' cyber teams to the Cybersecurity Plan.

The recommendation is accepted.

Actions to be Taken: The Emergency Recovery Plan for the Company's IT Department has been updated to include contact information for federal law enforcement, in addition to state and local contact information, in the event of a cyber security event. The FBI Harrisburg office and the FBI Philadelphia Office contacts are included in the plan.

Individual Responsible: Mark Hardman, IT&S Administrator

Date recommendation is to be implemented: Complete and ongoing updates.



THE YORK WATER COMPANY
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Finding No. V-3 Response and Implementation Plan

Follow-Up Recommendation – Implement physical security and safety improvements at The York Water Company’s facilities.

The recommendation is accepted.

Actions to be Taken: York Water has an extensive physical security plan. The minor physical security recommendations identified by the PUC’s auditors have been reviewed by management and staff. Those that could be readily corrected have been completed. All others will be reviewed and remedied as needed within 60 days.

Individual Responsible: John Strine, VP, Operations

Date recommendation is to be implemented: May 1, 2018 and ongoing updates.



THE YORK WATER COMPANY
Management Efficiency Investigation, Docket No. D-2017-2606106
Implementation Plan, March 1, 2018

Finding No. VI-1 Response and Implementation Plan

Follow-Up Recommendation – – Strive to reduce or eliminate manual aspects of the inventory reordering process.

The recommendation is accepted.

Actions to be Taken: The Company has not experienced project delays nor negatively impacted its customers as a result of the current inventory management system. The Company will continue to assess the costs and benefits of further automating this process and when deemed appropriate will further expand the automated process.

Individual Responsible: John Strine, VP, Operations

Date recommendation is to be implemented: Complete and ongoing updates.



THE YORK WATER COMPANY
Management Efficiency Investigation, Docket No. D-2017-2606106
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Finding No. VI-2 Response and Implementation Plan

Follow-Up Recommendation – Evaluate and document the cost benefits of integrating emergency stock within the Inventory Management System.

The recommendation is accepted.

Actions to be Taken: As the audit indicates, York Water has made significant improvement in inventory turnover over the past 3 years and nearly doubled the turnover rate. The audit also shows the improvement that could occur if emergency inventory was routinely separated. The Company will separate emergency stock from ordinary stock within its inventory database to gauge the impact on inventory turnover.

Individual Responsible: John Strine, VP, Operations

Date recommendation is to be implemented: October 15, 2018 and ongoing updates.



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Management Efficiency Investigation, Docket No. D-2017-2606106
Implementation Plan, March 1, 2018

Finding No. VI-3 Response and Implementation Plan

Follow-Up Recommendation – – Continue to utilize cycle counting on high value and/or fast-moving inventory as needed to ensure accuracy.

The recommendation is accepted.

Actions to be Taken: The Company will conduct a mid-year cycle count in 2018 and continue with this frequency of updates.

Individual Responsible: John Strine, VP, Operations

Date recommendation is to be implemented: August 30, 2018 and ongoing updates.



THE YORK WATER COMPANY
Management Efficiency Investigation, Docket No. D-2017-2606106
Implementation Plan, March 1, 2018

Finding No. VIII-1 Response and Implementation Plan

Follow-Up Recommendation – – Continue to reduce OSHA incidents through the safety program.

The recommendation is accepted.

Actions to be Taken: As shown in the audit, York Water has successfully reduced its OSHA recordable, lost time, and DART incident rates over the past 3 years. York Water's performance reflected improvement over 2013 rates and, for 2016, achieved lower than industry averages in OSHA recordable, lost time, and DART incident rates. York Water will continue striving to reduce the number and severity of accidents through the continuance of its safety program, communications, and educational efforts.

Individual Responsible: Human Resources Manager, Natalee Colón

Date recommendation is to be implemented: Effective immediately, we will continue current efforts of the organization.