



July 25, 2019

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

Re: Focused Management and
Operations Audit
Docket# D-2017-2606105

Dear Secretary Chiavetta:

In accordance with the Secretarial letter dated May 3, 2018, attached is our implementation progress report for the Focused Management and Operations Audit issued under docket number D-2017-2606105.

Should you have any questions please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David Lewis".

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

RECEIVED
2019 JUL 26 AM 10:34
PA PUC
SECRETARY'S BUREAU

Encl.

Copy: Nathan Paul w/enclosure via email

Columbia Water Company

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

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter III – Corporate Governance

Recommendation Number: III-1

Recommendation Page Number: 12

Recommendation:

Consider expanding the audit committee to three directors.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will expand the audit committee to three directors.

Progress Update:

The Audit Committee was expanded to three directors on 5/22/2018.

RECEIVED
2019 JUL 26 AM 10:34
PA PUC
SECRETARY'S BUREAU

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter III – Corporate Governance

Recommendation Number: III-2

Recommendation Page Number: 12

Recommendation:

Expand the strategic planning process by developing and monitoring performance metrics that support the overall strategy of the company.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will expand the strategic planning process by developing and monitoring performance metrics that support the overall strategy of the company.

Progress Update:

The Company's expanded strategic plan was adopted on 8/28/2018.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter IV – Financial Management

Recommendation Number: IV-1

Recommendation Page Number: 16

Recommendation:

Document the process and procedures used to perform budgeting, variance reporting, and other significant financial management functions.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will further document the process and procedures it uses to perform budgeting and variance reporting.

Progress Update:

The process and procedures used to perform the Company's budgeting and variance reporting has been documented.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter IV – Financial Management

Recommendation Number: IV-2

Recommendation Page Number: 16

Recommendation:

Periodically explore banking and financing services through price comparison or competitive bid.

Company's Position on Recommendation: Accepted with qualifications.

Implementation Plan:

The Company will periodically explore banking and financing services through price comparison or competitive bid. Switching banks is not a task that can be done easily or should be done without considerable review and planning. All of our customers that pay electronically, over 30 percent of them, would need to modify their accounts to point to our new bank. This will take much effort to coordinate and without a doubt be inconvenient for the customer. Due to loan covenants and stipulations, switching banks would require refinancing all of our debt with the new bank. This could result in an overall increase in our debt service, especially during this period of rising interest rates. Asking other banks to prepare proposals should not be done lightly and/or frequently since it's a costly process for them. Anyone who has switched banks, even on a personal level, knows that it is a monstrous task given that much of today's commerce is tied electronically to one's banking account. The overall process of switching banks would be time consuming and costly and needs to be factored into the evaluation. Lastly, the foundation of borrowing from a bank is built on trust and a working understanding of the business. Starting new with a bank creates borrowing risks that have to be thoroughly understood and factored into the decision making process. During emergencies or quickly changing regulatory environments, the Company is obligated to make sure it has reliable and adequate access to capital.

Progress Update:

This is an ongoing process. We spoke to another bank but they responded by saying that they did not have the resources to accommodate all of our needs.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter IV – Financial Management

Recommendation Number: IV-3

Recommendation Page Number: 16

Recommendation:

Prepare the necessary adjusting journal entries to accurately account for customer overpayments.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will make the necessary adjusting journal entries for customer over payments at the end of each fiscal year. Currently the Customer Information System (CIS) accurately tracks each customer's overpayment. This process will simply make sure the net overpayment is recorded as deferred revenue on the Company's books.

Progress Update:

This is something that occurs at year end. The Company will make the necessary journal entry starting in 2019.

**Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019**

Chapter V – Water Operations

Recommendation Number: V-1

Recommendation Page Number: 27

Recommendation:

Accelerate the replacement of cast iron mains.

Company's Position on Recommendation: Accepted.

Implementation Plan:

The Company will strive to accelerate the replacement of cast iron mains.

Progress Update:

The Company continues to replace old age mains in accordance with our LTIIP.

**Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019**

Chapter V – Water Operations

Recommendation Number: V-2

Recommendation Page Number: 27

Recommendation:

Test a sample of new residential meters in accordance with regulations.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will begin testing at least 10 percent of the new meters it purchases in accordance with regulations.

Progress Update:

The Company started testing at least 10 percent of the newly purchased meters in July 2018.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

C Chapter V – Water Operations

Recommendation Number: V-3

Recommendation Page Number: 27

Recommendation:

Update the Drought Contingency Plan.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will update its drought contingency plan before December 31, 2018.

Progress Update:

The Drought Contingency Plan was updated on 6/5/2018.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter V – Water Operations

Recommendation Number: V-4

Recommendation Page Number: 27

Recommendation:

Develop and maintain a damage prevention program to include a damage prevention manual, line damage database, and a pipeline education and awareness program for the company's stakeholders (i.e., customers, contractors, etc.).

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will develop and maintain a damage prevention program.

Progress Update:

The damage prevention program plan was finalized on 6/5/2018.

**Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019**

Chapter V – Water Operations

Recommendation Number: V-5

Recommendation Page Number: 27

Recommendation:

Strive to exercise non-critical valves every seven to ten years.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will strive to exercise non-critical valves every seven to ten years.

Progress Update:

The Company continues to exercise its system valves.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter VI – Public Utility Emergency Preparedness

Recommendation Number: VI-1

Recommendation Page Number: 30

Recommendation:

Strive to annually test all emergency plans on at least a limited basis.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will strive to test all of its emergency plans annually.

Progress Update:

The Company continues to test its emergency plans annually.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter VII – Customer Service

Recommendation Number: VII-1

Recommendation Page Number: 35

Recommendation:

Evaluate historical customer delinquent account data and modify collection practices accordingly.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will evaluate the historic customer delinquent account data and modify collection practices based upon its findings.

Progress Update:

The Company is collecting data to allow it to evaluate the historic customer delinquent accounts. It began collecting data in mid-2018.

Columbia Water Company
Focused Management And Operations Audit
Implementation Plan Progress Report
July 2019

Chapter VII – Customer Service

Recommendation Number: VII-2

Recommendation Page Number: 35

Recommendation:

Evaluate the feasibility of offering an automated pay-by-phone payment option.

Company's Position on Recommendation: Accepted

Implementation Plan:

The Company will evaluate the feasibility of offering an automated pay-by-phone payment option.

Progress Update:

The Company finalized its feasibility study of offering an automated pay-by-phone evaluation on 8/28/2018.

**Columbia
WATER
Company**



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

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

FIRST CLASS



0001212680 JUL 25 2019
PAID FROM ZIP CODE 17112

RECEIVED
2019 JUL 26 AM 10:35
PUC
SECRETARY'S BUREAU