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March 5, 2020

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**In Re: Indian Springs Water Company – Docket Nos. M-2019-3011972 and
C-2019-3012933**

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company, please find enclosed its Quarterly Status Report on receivership of the Indian Springs Water Company.

Hard copies have been sent to the parties on the attached Certificate of Service.

Sincerely,



Elizabeth Rose Triscari

cc: The Honorable Steven Haas (*via electronic and first-class mail*)
All Parties on the Attached Certificate of Service (*via electronic and first-class mail*)



**QUARTERLY STATUS REPORT TO THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
OF THE
INDIAN SPRINGS WATER COMPANY**

DATED March 5, 2020

BY PENNSYLVANIA-AMERICAN WATER COMPANY, AS RECEIVER

DOCKET NOS. M-2019-3011972 and C-2019-3012933



A. BACKGROUND AND PROCEDURAL HISTORY

On August 8, 2019, the Pennsylvania Public Utility Commission (“Commission”) issued an Order at Docket No. M-2019-3011972 (“Order”), wherein it was directed that Pennsylvania-American Water Company (“PAWC”) act as receiver for the Indian Springs Water Company (“Indian Springs”), beginning on August 19, 2019, and an investigation be instituted into whether the Commission should order a capable public utility to acquire Indian Springs pursuant to Section 529 of the Public Utility Code (“529 Proceeding”). Such investigation was referred to the Office of Administrative Law Judge and assigned to Administrative Law Judge (“ALJ”) Steven K. Haas.

On August 16, 2019, counsel for Indian Springs entered a notice of appearance and letter petition requesting an expedited hearing. The Office of Consumer Advocate filed a notice of intervention and public statement on August 21, 2019. An initial prehearing conference was held on August 27, 2019, rather than an expedited hearing by agreement of the parties, at which time the parties discussed notice to customers and proximate providers.

The Commission’s Bureau of Investigation and Enforcement (“I&E”) entered a notice of appearance on August 29, 2019.

Notice to Indian Springs customers of the 529 Proceeding and PAWC’s receivership was mailed by PAWC, as receiver for Indian Springs, on September 30, 2019. The Commission’s Secretary served notice to proximate service providers and proximate municipalities on October 1, 2019. Both notices set a date to intervene of October 21, 2019.

On October 21, 2019, Glen Summit Company (“Glen Summit”) filed a Petition to Intervene.

A further prehearing conference was held on November 13, 2019, at which time Glen Summit’s Petition to Intervene was granted, the Formal Complaint of Thomas V. Tinsley at Docket No. C-2019-3012933 was consolidated with this proceeding, and it was agreed that a procedural schedule would not be established at this time to allow additional time for settlement discussions. ALJ Haas issued a Prehearing Conference Order on October 30, 2019 memorializing this and directing the parties to file a status report on settlement discussions with the Commission or before December 13, 2019 and every 30 days thereafter. PAWC has timely filed settlement status reports indicating that the parties continue to make progress towards settlement and do not see a need to establish a procedural schedule. The last such settlement status report was filed on February 12, 2020.

Pursuant to the Commission’s Order, PAWC has also been directed to submit quarterly status reports on its receivership of Indian Springs. Below is a summary of the actions that have been taken by PAWC to date, updated to include those actions taken since the last quarterly status report filed in December 2019.

B. QUARTERLY STATUS REPORT

1. “Do Not Drink the Water” Notice to Indian Springs Customers

On February 7, 2019, the Pennsylvania Department of Environmental Protection (“PADEP”) issued a Field Order to Indian Springs requiring it to issue a Tier One Public Notification in the form of a Do Not Drink the Water Warning, citing unsanitary conditions and copper and lead in excess of regulated levels. Subsequently, PADEP informed Indian Springs that the public notices it issued were deficient.

PAWC’s first action as Receiver was to issue a PADEP compliant Do Not Drink the Water notice on August 18, 2019, advising customers that bottled water was being provided by PAWC. PAWC issued another Do Not Drink the Water notice on September 4, 2019 and has done so monthly thereafter in communication with PADEP. As mentioned above, PAWC also provided notice to all Indian Springs customer of the 529 Proceeding on September 30, 2019.

2. Operations

PAWC has operated the Indian Springs water system as receiver since August 19, 2019. Staff from PAWC visit the site daily. Chlorine residuals are monitored and chemicals maintained. The tank/reservoir level is measured with a visual observation of the water and building and a level gauge has been installed to make this process safer. Well pump operation is checked and recorded. A 2020 Indian Springs sample schedule was developed by the Water Quality Supervisor. The sample schedule comprises of all required SDWA 2020 compliance samples.

PAWC staff also continues to investigate and establish which Indian Springs customers either have or are in the process of drilling private wells and those that plan to do so in the near future. It is PAWC’s understanding that almost all of the Indian Springs customers either have already or intend to drill private wells and disconnect from the water system. At this time, a few customers continue to express their desire to not drill wells or have not committed to drilling a well.

PAWC continues to supply potable water to Indian Springs customers via bottled water delivered to the Indian Springs tennis house.

3. System Improvements

The following are improvements that have been made or are in the process of being made for PAWC to safely and adequately operate the water system during the pendency of the Section 529 Proceeding:

- Chemical containment were added at the pump building.
- Electrical upgrades were made at the pump house. Service box was replaced and lighting added.
- Two new chemical feed pumps were purchased and installed.
- All door locks were changed to PAW blue locks.
- Chemical sprayer is in the process of being purchased.
- Winter maintenance was setup with two different contractors for snow removal and plowing, as needed.
- Sampling hydrant was installed at the intersection of Oak Ln and Lake Rd. (All distribution samples, which include RTCR bacti samples, DRR chlorine samples and Disinfectant By Product (DBP) samples are collected from this location.)

4. Finance

PAWC continues to accumulate information on the Indian Springs customer base and sent initial invoices to thirty-one (31) customers for the period August 19, 2019 to September 30, 2019 in the total amount of \$1,371.18, all of which has been collected. Invoices for the period October 1, 2019 to December 31, 2019 were sent to sixteen (16) customers in the total amount of \$980.90, \$571.86 of which has been collected. Of the remaining customers invoiced, five (5) now have wells, resulting in credits of \$267.57. There is a remaining outstanding balance of \$147.47.

PAWC is tracking the costs of receivership through internal project numbers. Currently, operational cost total through January 31, 2020 is \$16,532.75 and capital expenditures total is \$8,722.60.

C. CONCLUSION

PAWC will continue to operate the Indian Springs water system as receiver during the pendency of the 529 Proceeding and participate in settlement discussions in an attempt to amicably resolve this matter without costly litigation. PAWC will provide a quarterly update to this status report, as directed by the Commission, in June 2020.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Indian Springs Water Company Section 529 : Docket Nos. M-2019-3011972
Investigation : and C-2019-3012933

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the above-referenced Quarterly Status Report upon the persons via electronic and first-class mail, which service satisfies the requirements of 52 Pa. Code §1.54 (relating to service by a party).


Service by electronic and first-class mail addressed as follows on December 18, 2019

Christine Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Scott B. Granger, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, Second Floor
Harrisburg, PA 17120

Louise A. Knight, Esquire
3610 Logan Court, Unit 3B
Camp Hill, PA 1011

Thomas V. Tinsley, Jr.,
286 White Birch Lane
Mountain Top, PA 18707
(via first-class mail only)


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Dated: March 5, 2020