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| PUC logo | PENNSYLVANIA PUBLIC UTILITY COMMISSION  COMMONWEALTH KEYSTONE BUILDING  400 NORTH STREET HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

May 3, 2018

Mr. Dave Lewis

General Manager

Columbia Water Company

220 Locust Street

Columbia, PA 17512

Re: Focused Management and Operations Audit of Columbia Water Company (D-2017-2606105)

Dear Mr. Lewis:

The Commission appreciates the cooperation extended by the officers and employees of Columbia Water Company (CWC or Company) to our Bureau of Audits’ staff during the recent Focused Management and Operations Audit. We seek the Company’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 audit. Staff identified two areas as needing moderate improvement and three areas as needing minor improvement. The moderate improvement areas (see Chapters IV – Financial Management and 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 the Company’s implementation efforts.

At its Public Meeting of May 3, 2018, the Commission acknowledged receipt of the Company’s April 2018 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that the Company’s Implementation Plan indicates acceptance of 12 recommendations and partial acceptance 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. The Company’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.

Mr. Dave Lewis

D-2017-2606105

Page 2

Accordingly, the Commission directs the Company to:

* Proceed with the April 2018 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