



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

December 28, 2023

MS. MONICA TROUTMAN
PENNSYLVANIA AMERICAN WATER COMPANY
852 WESLEY DRIVE
MECHANICSBURG, PA 17055

**RE: Management and Operations Audit of Pennsylvania-American Water
Company
D-2022-3035217**

Dear Ms. Troutman:

The Commission appreciates the cooperation extended by the officers and employees of the Pennsylvania-American Water Company (Company) to our Bureau of Audits' staff during the recent 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 twelve functional areas at the Company during the audit. Staff identified four areas as needing moderate improvement (see Chapters: V – Cost Allocations and Affiliated Interest, VII – Water Operations, IX – Emergency Preparedness, and XI – Customer Service) and eight areas needing minor improvement (see Chapters: III – Executive Management and Organizational Structure, IV – Corporate Governance, VI – Financial Management, VIII – Wastewater Operations, X – Purchasing and Materials Management, XII – Information Technology, XIII – Fleet Management, and XIV – Human Resources and Diversity). These areas offer the potential for increased effectiveness and/or reduced costs and should be the focus of the Company's implementation efforts.

At its Public Meeting of December 21, 2023, the Commission acknowledged receipt of Pennsylvania-American's October 2023 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 23 and partial acceptance of eight recommendations. 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. Please note that the Commission also issued an Opinion and Order related to this audit report.

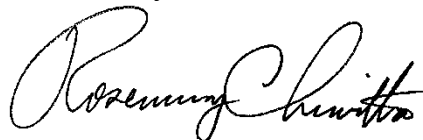
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Accordingly, the Commission directs Pennsylvania-American Water Company to:

- Proceed with the October 2023 Implementation Plan, and
- Submit implementation progress reports annually, by December 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,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta
Secretary

Contact Person: Nathan Paul
(717) 214-8249