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October 2, 2024

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: Joint Petition of Pennsylvania-American Water Company and the Pennsylvania Department of Environmental Protection Requesting an *Ex Parte* Emergency Order in Regard to Receivership of East Dunkard Water Authority

Docket No. P-2023-3043950

Dear Secretary Chiavetta

Pursuant to Appendix A of the Commission's Ratification Order entered November 20, 2023¹ and the Commonwealth Court Order dated February 8, 2024², please find attached the 3rd Quarter 2024 Status Report of Pennsylvania-American Water Company regarding East Dunkard Water Authority, dated October 1, 2024. This report has been filed with the Commonwealth Court and submitted to the Pennsylvania Department of Environmental Protection.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari

cc: All Parties on the Attached Certificate of Service (*via electronic mail*)

¹ See, paragraph 1(c) of Appendix A.

² See, paragraph 5(t) of the Commonwealth Court Order.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Pennsylvania-American :
Water Company and the Pennsylvania :
Department of Environmental Protection : Docket No. P-2023-3043950
Requesting an *Ex Parte* Emergency Order in :
Regard to Receivership of East Dunkard :
Water Authority :

CERTIFICATE OF SERVICE

I hereby certify that I have this 2nd day of October served a true copy of the foregoing Report upon the parties, listed below and in the manner below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

SENT VIA ELECTRONIC MAIL ON OCTOBER 2, 2024

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Respectfully submitted,



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**EAST DUNKARD WATER AUTHORITY
3RD QUARTER 2024 STATUS REPORT
OCTOBER 1, 2024**

1. BACKGROUND

On February 8, 2024, the Pennsylvania Commonwealth Court (“Court”) issued an Order appointing Pennsylvania-American Water Company (“PAWC”) as a Receiver for the East Dunkard Water Authority (“Authority”) and the Authority’s property, facilities and assets, including the East Dunkard Public Water System (“System”).

Paragraph 5(e) of the Order requires PAWC to conduct an evaluation of the System, identify deficiencies in the System’s physical conditions, facilities and operational procedures, identify and prepare a plan of capital and operational procedures, identify and prepare a plan of capital and operational improvements to (i) improve System performance and compliance with applicable law, (ii) address or anticipate the obsolescence of portions of the System, (iii) reduce the cost of operating the System, (iv) provide cost savings or efficiency innovations to the System, or (v) comply with existing or anticipated changes to applicable laws and regulations, and report the results of such evaluation to the Court, Department, Commission and Authority (“the Improvements Plan”).

Paragraph 5(t) of the Order requires PAWC to submit an initial status report to the Court, the Pennsylvania Department of Environmental Protection (“Department”), the Pennsylvania Public Utility Commission (“Commission”), and the Authority Board, within sixty (60) days of assuming operations and then quarterly thereafter. The status reports shall provide any relevant updates concerning the condition of the System and activities performed by PAWC pursuant to the Order. The status reports shall also include a list of Department Mandated Improvements and Commission Approved Projects, and a listing of any recommended additional capital improvements to address the objectives set forth in Paragraph 5(e) of the Order.

To date, PAWC has submitted the following reports as required under the Order:

- 60-day Initial Status Report dated April 8, 2024.
- 2nd Quarter 2024 Status Report dated July 3, 2024.
- System Evaluation and Improvements Plan dated July 22, 2024.

This 3rd Quarter Status Report covers activities between July 1 and September 30, 2024. For ease of reference, the headings used are the same as the 2nd Quarter Status Report. For those items that were completed as of the 2nd Quarter report, the descriptions under those items have been removed and the item has simply been marked “Completed”. In this manner, the only descriptions remaining in this report reflect work that was active or still ongoing in the 3rd Quarter. Similar to the previous quarterly reports, conditions found and

actions taken are summarized in Section 2. Improvement projects are discussed in Section 3.

2. CONDITIONS FOUND & ACTIVITIES PERFORMED

This section describes the conditions of the System and the corrective actions taken from July 1 to September 30, 2024. This section is organized in the following order of components of the System operations: (2.1)- Safety Program; (2.2) - Water Treatment Plant; (2.3) - Water Distribution System; (2.4) - SCADA System; and (2.5) - Water Quality & Environmental Compliance Program.

Note, in the subsections below, the numbered “actions taken” items correspond to the same numbered “conditions found” items.

2.1 Safety Program

2.1.1 Personal Protective Equipment (“PPE”)

Conditions found:

1. No automated external defibrillator (“AED”) on site.

Actions taken:

1. Completed

2.1.2 Plant Water Supply Safety

Conditions found:

1. Determined that the plant’s potable water supply was tapped off the plant’s 10-inch transmission main rather than the 6-inch distribution main as originally believed. The tap location is before the point on the 10-inch main where regulatory disinfection and contact time (“CT”) requirements are met for Giardia log inactivation, thereby making the plant water supply unsafe for human consumption.

Actions taken:

1. Immediately advised all employees that the water was unsafe for human consumption and posted all sinks at the plant as “non-potable water”. Provided bottled water to employees until permanent solution was made in late July by re-locating the tap location to the 6-inch distribution main.

2.1.3 Chemical Safety

Conditions found:

1. Waste chemicals were stored in plant area.
2. No fume hood in laboratory, which is preventing process control testing for manganese levels in the water.

Actions taken:

1. Removed fifteen (15) drums and two (2) large day tanks of waste chemicals from plant area; packaged and ready for disposal by hazardous materials contractor. Once all paperwork was approved, the contractor removed all of the waste chemicals for disposal on August 2.
2. Purchased temporary fume hood for use until permanent solution. A permanent solution was included in the design for the Phase II Plant Improvements project.

2.1.4 Slip/Fall/Struck-By Protection

Conditions found:

1. Dangerous platform leading to lagoon sampling location.

Actions taken:

1. Installed barricade on unsafe platform and redesignated the sampling point until permanent solution; consultant designed permanent solution in the Phase II Plant Improvement project.

2.1.5 Confined Space Safety

Conditions found:

1. No equipment to monitor for hazardous atmosphere.
2. No safe means for entry into the finished water piping vault.

Actions taken:

1.

Completed

2.

Completed

2.1.6 Electrical/Mechanical Safety

Conditions found:

1. No electric arc flash safety program in place.

Actions taken:

1. Performed data collection at the Willowtree pump station; arc flash calculations are in progress. Authorized an electrical

services contractor to perform data collection and arc flash calculations at the Water Treatment Plant.

2.1.7 Vehicle Safety

Conditions found:

1. Both pick-up trucks needed repairs and one was past due on state inspection.

Actions taken:

1. Completed

2.2 Water Treatment Plant

2.2.1 Intake & Chemical Feed Operations

Conditions found:

1. Chemical feed pumps are aged and there is no redundancy in the event of a pump failure.
2. Chlorine feed system consists of a single cylinder with no redundancy, no means to monitor the amount of product in the cylinder, no automatic switchover to another cylinder, and limited safety controls.

Actions taken:

1. Completed
2. Applied for and received emergency permit from Department to replace entire chlorine feed system with new unit consisting of scales for measuring product quantity, dual cylinder feed with automatic switchover, and leak sensors with automatic shutdowns. Ordered new equipment, which is scheduled to arrive on site June 24, 2024. Submitted a permanent Construction/ Operations Permit application to Department on May 22, 2024. Received Construction Permit from Department on July 31, 2024. Construction has been completed and PAWC submitted the Certificate of Construction to the Department on September 16, 2024 and is awaiting final Operations Permit.

2.2.2 Clarifier & Filter Operations

Conditions found:

1. Filter media is at end of useful life and filter backwashing process is not effective due to aging components.
2. Blower on air scour system of filter backwash has excessive vibration and noise.
3. The filters have numerous design deficiencies, including: (1) the 26 valves controlling the water flow through the filter units have pneumatic actuators. The actuators are aging and are prone to operational mishaps due to the pneumatic controllers; (2) the four individual filter units currently have no means to measure the incoming flow, filtered flow, or filter-to-waste flow rates, all of which are valuable parameters to control filter operations; (3) the filtration unit currently has no means to monitor the Combined Filter Effluent (“CFE”) turbidity readings; (4) the settled water turbidimeter and the four Individual Filter Effluent (“IFE”) turbidimeters are based on outdated technology and are no longer

supported by their manufacturer (HACH); and (5) the filter units currently have no means to monitor the loss of head through each unit, another very important parameter for filter operation control.

Actions taken:

1. Completed
2. Completed
3. A design report and permit application was submitted to the Department for a Phase II Plant Improvements project that will remedy the deficiencies. The Department approved the project in Public Water Supply Construction/Operations Permit No. 3024505MA dated June 18, 2024. The remedies will include: (1) each actuator will be replaced with electric powered actuators which are more reliable and require less maintenance, and each actuator will be connected to the Supervisory Control and Data Acquisition (“SCADA”) System; (2) the project will include the installation of incoming flow, filtered flow, and filter-to-waste flow meters on each of the filter units; (3) modifying the filtered water piping to provide a representative CFE sampling point, installing a tap and common service saddle and corporation, and installing a new Lovibond turbidimeter that will continuously monitor CFE turbidity. (4) the project will include replacement of each turbidimeter with a new, state-of-the-art, Department-approved unit manufactured by Lovibond. (5) the project will include the installation of a differential pressure gauge on each filter that is connected to SCADA to provide real-time loss of head data. Bidding of the construction project is in progress.

2.2.3 Post-Treatment & High Service Pumping Operations

Conditions found:

1. Entry point sample location at vault on effluent line from Griffin Tank was producing poor quality water due to tap age, condition and location. The current Hach CL10 analyzer at entry point vault is in poor condition and needs to be replaced.

Actions taken:

1. Completed

2.3 Water Distribution System

2.3.1 Water Mains, Services and Meters

Conditions found:

1. Leaks were left running on water mains and service lines. No proactive program to identify leaks and repair them promptly.
2. No procedures in place to follow the requirements in the Distribution System Corrective Action Plan (“CAP”) dated November 2020. This CAP was requested by the Department as a result of multiple customer water quality complaints and manganese sample results exceeding the Secondary Maximum Contaminant Levels.

Actions taken:

1. Implemented a practice to actively look for leaks in the system and make repairs within 24 hours of discovery. Repaired a total of fifty-seven (57) leaks to date.
2. Completed

2.3.2 Pumping Stations & Storage Tanks

Conditions found:

1. One of the two 1994-vintage pumps at the Bald Hill pump station have failed and there is no redundancy.

Actions taken:

1. Applied for and received emergency permit from Department to replace two pumps at Bald Hill pump station. The pumps were purchased and are scheduled to be installed in July 2024. Submitted a permanent Construction/Operations Permit application to Department on May 22, 2024. Received Construction Permit from Department on July 31, 2024. Construction has been completed and PAWC submitted the Certificate of Construction to the Department on September 16, 2024 and is awaiting final Operations Permit.

2.4 SCADA System

Work was completed by PAWC's SCADA team to tie-in the new chemical feed pumps (see Section 2.2.1), tie-in a new entry point chlorine/CT compliance analyzer (see Section 2.2.3), and implement a quarterly critical alarm/shutdown testing program (see Section 2.5.2).

2.5 Water Quality & Environmental Compliance Program

PAWC has observed and reviewed the Authority's water quality and environmental compliance testing and reporting procedures versus regulatory requirements, interviewed Authority employees, evaluated the tools and equipment in place for compliance monitoring, reviewed compliance testing data and reported the data to the Department, and identified deficiencies and improvement opportunities. Immediate actions taken to improve the water quality and environmental compliance program are listed below.

2.5.1 Filter Bed Evaluation Program

Conditions found:

1. No program in place for quarterly Filter Bed Evaluations ("FBE"), as required by Department regulations.

Actions taken:

1.

Completed

2.5.2 Compliance Monitoring & Reporting

Conditions found:

1. A CT segment designation form was not submitted by Authority.
2. The 2023 Annual Water Supply Report was not submitted by Authority.
3. No program in place to test critical alarms and shutdowns as required by regulations.

Actions taken:

1.

Completed

2.

Completed

3.

Completed

2.5.3 New Regulations

Conditions found:

1. No plans in place for Lead Service Line Inventory public facing map due by October 16, 2024 under the Lead and Copper Rule.

Actions taken:

1. Utilizing the Authority's customer information, PAWC generated a Service Line Inventory to submit to DEP by the October 16, 2024 Lead and Copper Rule Revision (LCRR) compliance date. PAWC will post a hard copy of the service line inventory in the Authority's office as the public facing inventory required by the LCRR.

2.5.4 Permits & Fees

Conditions found:

1. NPDES discharge permit expires May 31, 2024 and renewal permit application was not submitted to Department 180 days prior to expiration date, as required by Department regulations.

Actions taken:

1. Secured extension of permit application submittal date from Department. Submitted the permit renewal application on April 14, 2024. Renewal permit was issued by Department on September 10, 2024 and it becomes effective on October 1, 2024.

3. IMPROVEMENT PROJECTS

This section describes future improvement projects that have been identified since the assumption of receivership operations by PAWC on February 9, 2024. In accordance with the Order, this section includes a list of Department Mandated Improvements, Commission Approved Projects, and a listing of any recommended additional capital improvements to address the objectives set forth in Paragraph 5(e) of the Order.

3.1 Department Mandated Improvements

Prior to PAWC's assumption of receivership operations, the Authority had applied for and received grant funding from Greene County under the Department of Community and Economic Development's Community Development Block Grant ("CDBG") program. This CDBG is being used to fund several ongoing projects that are compliance-based and therefore "Department Mandated Improvements". Each project is discussed separately below.

3.1.1 Filter Rebuild Project

This project is required under paragraph 7(e) of the Court Order. The project has been permitted by the Department under Water Supply Permit No. 3023509MA issued on December 11, 2023. The scope of the project includes replacement of the filter media, filter backwash aeration piping, and filter backwash underdrain nozzles in each of the four filter cells. The status of this active project was discussed in Section 2.2.2.

3.1.2 Distribution System Mapping & Improvements Project

This project addresses one of the recommendations in the Authority's 2020 Distribution System CAP. The project includes the preparation of updated distribution system mapping using field-verified information and the design and installation of additional system valves, blowoffs and/or hydrants to improve leak isolation and flushing capabilities. This project is in the design phase. The Department has advised the Authority that a permit is not required for the project.

3.1.3 Plant Improvements Project

This project addresses numerous design deficiencies at the plant that have been identified by the Department in previous inspection reports, enforcement orders, Filter Plant Performance Evaluations and Sanitary Surveys. The current scope includes the following improvements:

1. Replace all water quality compliance analyzers (chlorine residual, turbidity, pH).
2. Add individual filter flow meters (influent, effluent, filter-to-waste).
3. Replace filter valve controllers.

4. Install new entry point water quality analyzers and an automated control valve on the influent to the Griffin Tank that will automatically shut down if disinfection treatment is compromised.
5. Install by-pass piping to allow the Griffin Tank to be taken out of service for maintenance.
6. Laboratory renovations (permanent fume hood, chemical containment cabinets).
7. Replace lagoon sampling access ramp with unit meeting all safety standards.
8. Replace failed VFDs and add surge protection at two pump stations (Davistown, Rocky Hollow).
9. Wiring and programming to tie new equipment into High Tide SCADA system.

A design report and permit application was submitted to the Department for this Phase II Plant Improvements project. The Department approved the project in Public Water Supply Construction/Operations Permit No. 3024505MA dated June 18, 2024. The next step in the process will be to bid out the project to qualified contractors.

3.2 Commission Approved Projects

None at this time.

3.3 Recommended Additional Capital Improvements

PAWC prepared the System evaluation required under Paragraph 5(e) of the Order and submitted a System Evaluation and Improvements Plan on July 22, 2024. The Plan describes short-term system improvements that are needed during the current receivership period and longer-term improvements planned for after closing of the acquisition by PAWC. Progress updates on the implementation of these improvements will be provided in future quarterly status reports, beginning with the 4th quarter 2024 report.

4. EVALUATION OF AUTHORITY FINANCES

Pursuant to Paragraph 5(u) of the Order, requiring PAWC to make reasonable efforts to establish the financial position of the Authority as of the date it assumed Receivership, PAWC has completed its review of the Authority's books and records, along with bank records, account statements, and other financial records. Upon initial review, PAWC discovered what it suspected to be improper expenditures by the Authority's former general manager and in response engaged external counsel and a forensic accounting firm to assist in establishing the Authority's financial condition. That effort has identified certain transactions and expenditures that appear to be improper, which PAWC promptly reported to federal law enforcement authorities.