



CAN DO, INC.

FOCUSED MANAGEMENT AND OPERATIONS AUDIT

**Pennsylvania Public Utility Commission
Bureau of Audits
Issued October 2025**

**Docket Nos.
D-2025-3052839 and D-2025-3052840**

**CAN DO, INC.
MANAGEMENT AND OPERATIONS AUDIT**

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**CAN DO, INC.
MANAGEMENT AND OPERATIONS AUDIT**

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I – INTRODUCTION

Pennsylvania law grants the Pennsylvania Public Utility Commission (PUC or Commission) the general administrative power and authority to supervise and regulate public utilities within the Commonwealth of Pennsylvania per 66 Pa.C.S. § 501(b). The Commission can investigate and examine the condition and management of any public utility, 66 Pa.C.S. § 331(a). Management and operational audits are required of certain Pennsylvania-based utility companies pursuant to 66 Pa.C.S. § 516(a).

In accordance with the PUC's ongoing program to identify improvements in the management and operations of fixed utilities under its jurisdiction, it was determined that a focused management and operations audit should be conducted of CAN DO, Inc. (CAN DO or Company). A management audit investigates the Company's operational efficiency and effectiveness. It focuses on how decisions are made and processes are accomplished, which includes reviews of policies and procedures, use of informational systems, incorporation of strategic planning, compliance efforts, etc.

This report summarizes the PUC Management Audit Division's audit work and outlines its conclusions. The findings presented in the report identify areas where weaknesses or deficiencies exist. Recommendations are offered to improve, correct, or eliminate these conditions. The final step in the management audit process is to initiate actions toward implementation of the recommendations.

A. **Objectives and Scope**

The objectives of this focused management and operations audit were:

- To provide the Commission, CAN DO, and the public with an assessment of the efficiency and effectiveness of the Company's operations, management methods, organization, practices, and procedures
- To identify opportunities for improvement and develop recommendations to address those opportunities
- To provide an information base for future regulatory and other inquiries into the management and operations of CAN DO

The scope of this audit was limited to certain areas of the Company as explained in Section B. Audit Approach.

B. Audit Approach

The focused management and operations audit was performed by the Management Audit Division of the PUC's Bureau of Audits (PUC Auditors or Audit Staff). The audit process began with a pre-fieldwork analysis as outlined below:

- Input was solicited from PUC bureaus and offices regarding concerns or issues they would like addressed during our review.
- Commission reports and other available documents were reviewed.

This information was used to focus the PUC Auditors' work efforts. Specifically, the listed functional areas were selected for in-depth analysis and are included in this report:

- Corporate Governance
- Financial Management
- Water and Wastewater Operations
- Emergency Preparedness
- Customer Service

The pre-fieldwork analysis should not be construed as a comprehensive evaluation of the management or operations in the functional areas not selected for in-depth examination. If we conducted a thorough review of those areas, weaknesses or deficiencies may have come to our attention that were not identified in the limited pre-fieldwork review.

A management audit is not designed to verify or validate all information provided by the utility. Much of the data provided by the utility and presented within this report was not thoroughly tested to ensure it is free from errors. However, in the course of the Audit Staff's work, some numbers, company systems, processes, etc. were tested as needed or concerns arose. Audit findings and recommendations are based upon data company management should have had or were using. Therefore, the conclusions reached within this report aim to fairly present the utility's performance in the areas reviewed but no assurance is offered by the Audit Staff or PUC.

Fieldwork began on February 13, 2025, and continued intermittently through May 13, 2025. The principal components of the fact gathering process included:

- Interviews with Company personnel as well as other Commission Bureaus
- Analysis of records, documents, and reports of a financial and operational nature focused primarily on the period 2020-2024
- Visits to select Company facilities and observation of work practices

C. Functional Area Ratings

For the functional areas selected for in-depth examination, the PUC Auditors rated the operating or performance level relative to the expected performance level at the time of the audit. This expected performance level is the state where each functional area should be operating given the Company's resources and general operating environment. Expected performance is not a "cutting edge" operating condition; rather, it is management of a functional area such that it produces reasonably expected operating results.

Listed below are the evaluative categories used to rate each functional area's operating or performance level:

- Meets Expected Performance Level
- Minor Improvement Necessary
- Moderate Improvement Necessary
- Significant Improvement Necessary
- Major Improvement Necessary

Our ratings for each reviewed functional area can be found in Exhibit I-1.

**Exhibit I-1
CAN DO, Inc.
Management and Operations Audit
Functional Rating Summary**

Functional Area	Meets Expected Performance Level	Minor Improvement Necessary	Moderate Improvement Necessary	Significant Improvement Necessary	Major Improvement Necessary
Corporate Governance	X				
Financial Management		X			
Water and Wastewater Operations			X		
Emergency Preparedness				X	
Customer Service		X			

D. Benefits

When making recommendations, Audit Staff considered the qualitative aspects of the recommendations in determining the rating severity for the functional areas above. Quantitative factors were reported where practical. For example, it is difficult to estimate the actual benefit where new management practices or procedures are recommended where such did not previously exist or were not fully functional. Changes in workflow or implementation of good business practices could result in improved effectiveness and efficiency of a function but cannot be easily quantified.

The Company will have options to implement the recommendations, and as a result, the PUC Auditors have not estimated the cost of implementation for recommendations where no savings were quantified. However, it should be noted that the cost of implementing some recommendations could be significant.

E. Recommendation Summary

Chapters III through VII provide findings, conclusions, and recommendations for each function or area reviewed in-depth during this focused audit. Audit Staff recognize that Company priorities will influence the time frame that each recommendation can be implemented. Each recommendation should be initiated within 12 months of this report being released or as soon as practical. Exhibit I-3 summarizes the recommendations with the following priority assessments for implementation:

Net quantifiable benefits have been provided where they could be estimated or calculated as discussed in Section D. Benefits. Our overall rankings are not solely based on quantifiable dollars but rather our professional judgment of the potential overall impact of the recommendation on the efficiency and/or effectiveness of the Company and/or the services it provides. The benefit ranking is based on Audit Staff's professional judgement given the information available at the time.

- HIGH BENEFITS – Implementation of the recommendation would result in major service improvements, substantial improvements in management practices and performance, and/or significant cost savings.
- MEDIUM BENEFITS – Implementation of the recommendation would result in important service improvements, meaningful improvements in management practices and performance, and/or meaningful cost savings.
- LOW BENEFITS – Implementation of the recommendation is likely to result in service improvements, management practices and performances, and/or enhance cost controls.

CAN DO, Inc.
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Summary of Recommendations

Rec. No.	Recommendation	Page No.	Benefits (including \$ estimates)
Chapter III – Corporate Governance			
	None		
Chapter IV – Financial Management			
IV-1	Fully document financial management policies and procedures and establish a process to regularly review and update them that ensures version controls are in place.	12	Medium
Chapter V – Water and Wastewater Operations			
V-1	Expand the Damage Prevention Manual to include recommended improvements such as version control, emergency contact information, and training requirements.	16	Medium
V-2	Create a 50-year prediction for replacement needs and use this to add specific main replacement goals to the Company's next long-term plan.	17	Medium
V-3	Develop a plan to incorporate a staffing resource assessment into future large projects to increase available resources.	18	Low
V-4	Establish testing frequency for meters within Company policies and ensure documentation is retained for any meter tested.	20	Low
V-5	Create valve testing policies that establish frequency and retain valve exercise records.	21	Medium
Chapter VI – Emergency Preparedness			
VI-1	Correct moderate deficiencies in physical security and safety equipment.	25	High
VI-2	Add revision history and accountability sections to the Physical Security Plan, Emergency Response Plan, Business Continuity Plan, and Cybersecurity Plan, and document the lifecycle management program in the Cybersecurity Plan.	25	Medium
VI-3	Conduct regular tabletop exercises and/or drills to test the Physical Security Plan, Emergency Response Plan, Business Continuity Plan, and Cybersecurity Plan.	26	Medium
VI-4	Conduct regular vulnerability assessments and risk analyses.	27	Medium
VI-5	Establish a mobile device usage policy to define the practices required to regulate the security of personally-owned mobile devices connecting to the Company's intranet and computer systems.	28	Low
VI-6	Establish specific security requirements for the security measures defined in the Physical Security Plan and review the plan for potential new security measures.	28	Medium
VI-7	Install preventative measures to protect against falls near aerated tanks.	29	Medium
VI-8	Rank the IT systems and components by criticality and use this ranking to prioritize future upgrades to cybersecurity.	30	Medium
VI-9	Select and implement a cybersecurity maturity model.	31	Medium

CAN DO, Inc.
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Summary of Recommendations

Chapter VII – Customer Service			
VII-1	Standardize and formalize documentation to include version controls on all standard operating procedures and use processes or tools to ensure documentation is kept up to date.	33	Medium

II – BACKGROUND

The Greater Hazleton Community Area New Development Organization T/A CAN DO, Inc. (CAN DO or Company) was incorporated in 1956 as a non-profit, when local civic and business leaders in Greater Hazleton sought to create job opportunities by attracting industry and commercial interests to the area. Despite opening an industrial park and attracting industry in the years that followed, CAN DO did not become a regulated public utility until the early-1970s. In 1973, the Company became a regulated public utility to provide water and wastewater service to the Humboldt Industrial Park located in Hazle Township, Luzerne County and East Union Township, Schuylkill County. The Company expanded water service to McAdoo Industrial Park in Banks Township, Carbon County in 1989, followed by expanding water and wastewater service to the CAN DO Corporate Center in Butler Township, Luzerne County in 1991. In total, the Company serves approximately 120 commercial and industrial customers as of year end 2024. The water distribution system is supplied by seven wells located throughout the CAN DO service territory. See Chapter V – Water and Wastewater Operations for more information about CAN DO’s water distribution system. Exhibit II-1 summarizes CAN DO’s customer statistics as of December 31, 2024.

**Exhibit II-1
CAN DO, Inc.
Customer Statistics
For the Year Ended December 31, 2024**

Water Customer Class	No. of Customers	Percent of Total Customers	Gallons Sold (1,000)	Percent of Gallons Sold	Revenues	Percent of Revenues
Commercial	24	19.67%	7,656	2.41%	82,376	3.10%
Industrial	97	79.51%	285,945	90.07%	1,565,291	58.91%
Other	1	0.82%	23,874	7.52%	1,009,548	37.99%
Totals	122	100.00%	317,475	100.00%	\$ 2,575,506	100.00%

Wastewater Customer Class	No. of Customers	Percent of Total Customers	Revenues	Percent of Revenues
Commercial	25	23.81%	153,398	3.94%
Industrial	80	76.19%	3,743,570	96.06%
Totals	105	100.00%	\$ 3,896,968	100.00%

Source: CAN DO, Inc.’s 2024 water and wastewater (unaudited) annual reports to the PUC

As of February 2025, CAN DO's organization structure was comprised of 17 full-time employees, one part-time employee, and 65 voting board members (see Chapter III – Corporate Governance for additional information about the Board). The President & Chief Executive Officer (CEO) directs day-to-day operations of the Company and reports to the Board of Directors. The CEO supervises the Director of Economic Development, Chief Financial Officer (CFO), Administrative Coordinator, Director of Utilities, and Director of Construction and Facilities.

III – CORPORATE GOVERNANCE

Background

The Greater Hazleton Community Area New Development Organization T/A CAN DO, Inc. (CAN DO or Company) operates as a non-profit economic development corporation. As such, membership to CAN DO's Board of Directors (Board) is open to any person residing in the organization's service area. As a result, the Company maintains a very large uncompensated Board comprised of 111 voting and non-voting members. Included among voting members are the Board Chair, President & CEO, Treasurer, Secretary, and three Vice Chairs. In general, voting members are part of community organizations or at-large selections by the Board whereas non-voting members are government representatives, educational/student representatives, and community volunteers. The Board meets on the second Tuesday of January, March, May, July, September, and November. The Board operates using an Executive Committee and the following Standing Committees, many of which are focused on the Company's economic development mission:

- Audit – oversight of financial reporting, independent audits and auditing processes
- CAN BE (Community Association for New Business Entrepreneurship) – help for developing entrepreneurs in the community
- Community Relations – creation and implementation of public relations efforts
- Economic Development – advise staff in the provision of support services
- Finance – ensures fiscal responsibility, review and monitor budgets, maintain procurement procedures
- Governance – strategic planning, corporate governance principles and oversight, human resource strategy and policy administration
- Marketing – advise staff on design and implementation of plans to attract new business and industry, workforce development and readiness initiatives
- Property – planning and activities related to facilities, utilities, and parks

All Standing Committees and Vice Chairs report their actions to the Executive Committee for review and approval, except for the Audit Committee and nominations by the Governance Committee that go directly to the Board of Directors for consideration. Executive Committee composition includes the Board Chair, President & CEO, three Vice Chairs, Secretary, Treasurer, and all Standing Committee Chairs. Eligibility for the Executive Committee is limited to Board appointed members, which does not include the non-voting volunteer community members.

As a non-profit, CAN DO is not subject to regulation by the Securities and Exchange Commission (SEC) and therefore is not required to comply with the corporate governance requirement outlines in the Sarbanes-Oxley Act of 2002 (SOX) or the corporate governance rules of the New York Stock Exchange (NYSE). However, the Company follows the spirit of these governance practices where practical, for example,

by maintaining charters for its standing committees such as the Audit and Governance committees. Management switched external auditors in 2023.

CAN DO uses established competitive bidding standards and guidelines for all major purchases and projects, including supplies, equipment, construction, and services. A code of conduct policy governs the performance and behavior of employees, board members, and volunteers as it pertains to purchasing goods and services, awarding contracts and grants, and the administration and supervision of contracts. The policy prevents participation for definitive conflicts and those apparent to a reasonable person. Bid awards are made to the vendor or contractor determined to be the least-cost qualified bidder based on documented criteria. Procurement up to \$100,000 require a reasonable number of verbal quotes. Goods and services exceeding \$100,000 require at least three written proposals, or an explanation for why at least three cannot be obtained.

Findings and Conclusions

Our examination of the corporate governance function included a review of Company ethics and conflict of interest policies; Board of Directors organization including committee structure and charters; Directors' responsibilities, salary and fee structure; price solicitation and bid policies; employee handbooks; etc. Based on our review, nothing came to our attention that would lead the PUC Auditors to conclude that areas reviewed were not being addressed adequately; therefore, no recommendations have been developed for this area.

IV – FINANCIAL MANAGEMENT

Background

CAN DO employs a financial staff consisting of two accounting specialists. The specialists report to the Chief Financial Officer (CFO), who reports to the President and Chief Executive Officer (CEO). As part of their overall duties, financial staff are responsible for billing, accounts receivable, account payable, customer service, general office, and accounting duties. Despite a very small staff, the CFO implements internal controls wherever prudent. For example, staff alternate payment processing and billing activities to ensure neither is performed by the same employee on an account.

The Company's annual operating and capital budgeting process begins in March and concludes in June, which is the end of the Company's fiscal year. Once the initial budget is developed through a coordinated effort between the President and CEO, CFO and Company staff, staff work with a subcommittee of the Finance Committee for an initial review. Typically, the subcommittee is comprised of five members that informally meet with the President and CEO, CFO, and staff to pre-approve the budget before it goes to Board Committees. After the Board Committees approve their respective sections of the budget, the Finance Committee then reviews the budget in its entirety and recommends it for approval, the budget is sent to the Executive Committee for final recommendation to the Board. Ultimately, the budget must be approved by the CAN DO Board of Directors, which occurs on the second Tuesday of July. Exhibit IV-1 shows CAN DO's actual operating and maintenance expenses for the fiscal years ending June 30, 2020 through 2024.

Exhibit IV-1
CAN DO, Inc.
Actual Operating and Maintenance Expenses (Unaudited)
For Fiscal Years ending June 30, 2020 through 2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Water Expenses	\$1,397,324	\$1,420,180	\$1,516,173	\$1,778,030	\$1,870,375
Wastewater Expenses	\$1,396,658	\$1,297,178	\$1,359,836	\$1,624,765	\$2,057,889
Total O&M	\$2,793,982	\$2,717,358	\$2,876,009	\$3,402,795	\$3,928,264

Source: PUC Data Request FM-3

In addition to the Company's annual budgeting process, Company management and the Executive Committee developed a Long-Range Strategic Plan for Fiscal Years 2024-2026. Although the plan is not limited to utilities, it does identify one area: maintaining and improving the utilities' infrastructure. As part of evaluating the plan's effectiveness, management and staff measure and track a collection of metrics (i.e., key performance indicators or KPIs). The utility KPIs includes the number of water sources added to the system, capacity of wastewater treatment facility, number of replaced

meters, identification of water/sewer lines for repair and maintenance, etc. Management updates the Board on the KPIs several times per year.

CAN DO completed implementation of a new cloud-based accounting software in late-June 2024 to coincide with the start of FY 2025 (i.e., beginning July 1, 2024). The entire process to fully change over took approximately five months. This software helped to streamline all processes in the accounting department, especially the accounts payable process.

Findings and Conclusions

Our examination of the financial management function included a review of CAN DO's accounting policies and procedures, internal controls, capital and operating budgets, competitive bidding practices, and audited financial statements. Based on our review, the Audit Staff recommends that the Company should initiate or devote additional efforts to improving the efficiency and/or effectiveness of its financial management function by addressing the following:

- **Finding IV-1: CAN DO's financial management policies and procedures are very informal and lack any version control or review mechanism.**

Discussion

Finding IV-1: CAN DO's financial management policies and procedures are very informal and lack any version control or review mechanism.

Financial management activities at CAN DO are inconsistently documented. The Company's procurement and purchasing policies are well documented and provide significant guidance for soliciting bids, purchasing, identifying and handling conflicts of interest, and performing procurement and purchasing functions on the Company's software. Whereas there are many other activities, including accounts receivable, payroll administration, financial reporting and budgeting, that are only covered in very limited and informal documentation. These documents usually contain a paragraph or two at most, use the formal names of employees rather than job titles, are undated with no author, and no version control or indication of when the last review or revision occurred.

CAN DO relies on a few key staff members to perform most of the organization's financial management planning and activities. Policies and procedures appear to be created on an as needed basis or when deemed appropriate by CAN DO's management and Board of Directors. This results in inconsistent documentation depending on the financial activity or function. Formally documenting all policies and procedures of functions provides guidance to new and existing employees, establishes standardized task performance, and helps to ensure accuracy in the continuity of processes. Best practices for policies and procedures include:

- Author of the document and when it was created
- Date of last approval or revision
- Person who last approved or revised the document
- Version control to track what changes were made
- Use of a template to improve usability and consistency
- Review frequency (annually, every 3 years, etc.)

Recommendation IV-1: Fully document financial management policies and procedures and establish a process to regularly review and update them that ensures version controls are in place.

V – WATER AND WASTEWATER OPERATIONS

Background

CAN DO supplies water service to approximately 25 commercial and 93 industrial customers across three industrial parks in Greater Hazleton. These industrial parks are Humboldt Industrial Park, CAN DO Corporate Center, and McAdoo Industrial Park. CAN DO does not serve any residential customers. CAN DO also provides wastewater service to approximately 25 commercial and 80 industrial customers across the Humboldt Industrial Park and the CAN DO Corporate Center.

Humboldt Industrial Park, located within Hazle Township, Luzerne County and East Union township, Schuylkill County, provides water to 14 commercial and 78 industrial customers and has 14.35 miles of ductile iron water main. Humboldt Industrial Park's water distribution system is supplied by five wells, with CAN DO planning to add a sixth well¹. The Company also purchases water via an interconnect with the Hazleton City Authority. The Humboldt distribution system has four storage tanks with combined storage of 3.8 million gallons. Humboldt Industrial Park's wastewater collection system collects wastewater that is treated at the Humboldt Wastewater Treatment Plant (WWTP). Meanwhile, Humboldt North has a separate collection system that feeds into the Hazle Township Municipal Authority's collection system and is treated by the Greater Hazleton Joint Sewer Authority.

CAN DO Corporate Center, located in Butler Township, Luzerne County, provides water to one industrial and nine commercial customers and has 3.0 miles of ductile iron water main. The CAN DO Corporate Center has one well and the Company is in the middle of the permitting process to add a second well for redundancy. The CAN DO Corporate Center distribution system has an interconnect with Aqua America, Inc. (Aqua), through which the Company sells water to Aqua. CAN DO operates a wastewater collection system at the CAN DO Corporate Center and delivers it through an interceptor to the Butler Township Municipal Authority.

McAdoo Industrial Park, located in Banks Township, Carbon County, provides water to one commercial and 14 industrial customers and has 1.1 miles of ductile iron water main. One customer purchases raw (untreated) water at McAdoo, though at low volumes. The Company plans to add a second well for McAdoo and has picked out the site but has not drilled it yet.

CAN DO's Water Operations and Wastewater Operations divisions are both part of the Utilities Department, which is managed by the Director of Utilities. The Director of Utilities oversees three licensed operators: one licensed drinking water operator; one licensed wastewater operator; and one licensed water operator and wastewater operator. The Utilities Department also has an Operations Assistant, who provides some administrative support for the Construction and Facilities Department. To support its staff, CAN DO's Utilities Department relies heavily on contractors to perform infrastructure and

¹ The Company finalized the pre-drilling plan for the new well and are working on permitting.

equipment and maintenance activities. In addition, CAN DO uses a hybrid approach where it manages its operations internally but uses different contractors to maintain specific types of equipment like meters or water tanks.

CAN DO has made a number of recent improvements to both its water and wastewater systems. For Water Operations, CAN DO finished the installation of manganese and iron filtration systems for water wells and the construction of new treatment buildings in December 2024, and the new DEP Operations permit allowed four of the wells to return to service on March 21, 2025. The Company plans to add additional wells to the CAN DO Corporate Center and at both the Humboldt and McAdoo systems. In addition, CAN DO plans to complete the replacement of all water meters with remote readable smart readers by the end of the year.

On the wastewater side, the Company is focused on continuing its relining of existing wastewater mains. Relining can extend the service life of mains and the Company believes it's a much more cost effective method rather than wholesale replacement. In 2026, CAN DO plans to use camera surveys of its wastewater mains. Then in 2027, CAN DO will use the results of the planned camera surveys to install liners on an as needed basis. Additional future projects for wastewater operations include an upgrade to the headworks at the WWTP and an upgrade to the dissolved oxygen control system for the activated sludge reactor. Automated control valves will be included in these upgrades to measure incoming wastewater volume to the plant. As a long-term goal, CAN DO plans to upgrade the Humboldt WWTP, which is at approximately 80% capacity, to ensure they have the capacity for increased demand. The Company is also developing its SCADA² system for both water and wastewater.

Findings and Conclusions

Our examination of the water and wastewater operations functions included a review of policies and procedures, capacity planning, drought contingency planning, engineering and construction, maintenance, production, main replacement, non-revenue water, damage prevention, and the cross-connection program. Based on our review, CAN DO, Inc. should devote additional effort to improving the effectiveness of its water production, transmission, distribution, collection, and treatment operations by addressing the following:

² Supervisory Control and Data Acquisition, or SCADA, is a system used to monitor and control industrial processes such as those at treatment plants or in distribution systems, using sensors, networked data communications, and computers to gather data, analyze it, and either automatically make changes to the system or prompt operators to do so.

- **Finding V-1: CAN DO's Damage Prevention Manual could be improved.**
- **Finding V-2: CAN DO's Long-Term Capital Plan does not contain specific goals for water main replacement.**
- **Finding V-3: CAN DO personnel experienced significant overtime during large capital projects.**
- **Finding V-4: CAN DO's meter testing policies and records are incomplete.**
- **Finding V-5: CAN DO lacks valve testing policies and records.**

Discussion

Finding V-1: CAN DO's Damage Prevention Manual could be improved.

It is a best practice for every utility to have a comprehensive, well-documented damage prevention program to preserve knowledge and to improve the availability of information in an emergency. However, CAN DO's damage prevention manual is incomplete and is missing the following:

- A change management and accountability section
 - Brief description of changes or edits made
 - Publication and review dates
 - Personnel who made changes
 - Personnel responsible for reviewing and approving changes
- Specific training requirements
 - List of specific trainings required by job title or department
 - Frequency of required training
- Mismarking and line hit follow-up requirements
 - Define how to respond to mismarking or line hits, including specific required actions to reduce repeat incidents
 - Specific information that should be captured with a line hit such as pictures, conditions, etc.
- Contact information
 - All utility companies in CAN DO's territory including interconnected infrastructure
 - CAN DO personnel emergency contact information
 - Other emergency personnel contact information

CAN DO has not experienced any line hits from 2020 through 2024. CAN DO owns most underground infrastructure around their systems, which also means it is rare for another utility or contractors to dig within CAN DO's service territory. Therefore, CAN DO has a lower risk of third-party damages than most other utilities. For these reasons, CAN DO has not focused on a comprehensive damage prevention program.

However, the Audit Staff recommend that a comprehensive damage prevention program is needed regardless of the utility's risk profile. Such programs help protect property, safety, etc. For example, the Audit Staff recommend developing specific training requirements that would prescribe retraining or remedial training after mistakes or violations occur. Furthermore, a change management and accountability section would make it easier to verify that changes have been made in response to specific reviews or incidents, as well as verify that periodic reviews have been completed. The damage prevention manual should also include important specifics from the PA One Call training, such as color coding and reminders that depth is not marked, so that workers can reference this information after they are trained. The manual should also specify how CAN DO will verify that their contractors and employees are receiving up to date training.

Recommendation V-1: Expand the Damage Prevention Manual to include recommended improvements such as version control, emergency contact information, and training requirements.

Finding V-2: CAN DO's Long-Term Capital Plan does not contain specific goals for water main replacement.

According to CAN DO's Long-Term Capital Plan (LTP)³ that starts in 2024, the Company is not planning to replace any main for the first five years of its plan. However, the Company does plan to work on identifying the highest risk main segments for replacement beginning in year six of the plan. In addition, CAN DO plans to make other upgrades during the first five years of the plan, focusing on upgrading, replacing, or repairing other portions of its infrastructure, such as valves, hydrants, and wells, etc.

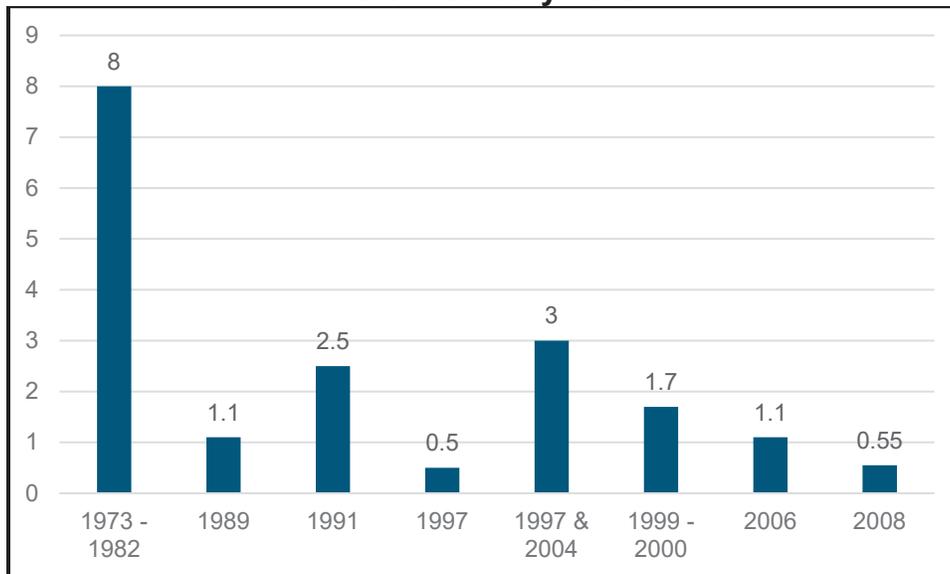
Once identified, the Company plans to start replacing the oldest and most degraded segments of the distribution system, prioritizing pipes that are prone to frequent breaks and leaks. In addition, the Company will continue to install additional valves and hydrants where needed and incorporate additional monitoring systems for real-time tracking of system pressure, flow, and usage.

However, because of the Company's documented LTP, no new water mains have been installed since 2008. Exhibit V-1 shows the miles of main by installation date for all three industrial parks combined⁴. As shown in Exhibit V-1, just under half of all water main in CAN DO's distribution system is from the 1973-1982 period. In addition, all of CAN DO's mains are ductile iron. Because ductile iron has an expected service life between 80 and 120 years, none of CAN DO's mains are near end of service life based on age alone. Similarly, other indicators, like the Company's Non-Revenue Water (NRW), seem to indicate that mains are operating as expected with a NRW rate of 7.55% or less as a percentage of water supplied.

³ The Company calls its capital plan a Long-Term Infrastructure Improvement Plan (LTIIP) and models it loosely off of the Commission's definition for an LTIIP. However, CAN DO's LTIIP has not been approved by the Commission.

⁴ The main lengths in this exhibit represent build out dates when main was installed, and was separated by service area, allowing for projects to span multiple years or for two projects to occur in the same year (i.e., 1997).

**Exhibit V-1
CAN DO, Inc.
Miles of Water Main by Installation Date (All Locations)
As of February 2025**



Source: PUC Data Request WO-2

Because the specific segments of pipeline to be replaced have not yet been identified, the LTP contains no specific goals for main replacement other than that the oldest segments will be prioritized. This leaves the goal for main replacement unclear or unsupported. While Audit Staff commends the Company for trying to identify risky pipe, we express a concern that much of the system, almost half, could reach end of life around the same time. This may present an undue hardship on the Company and its customers if not planned appropriately. Therefore, the Company should continue its efforts to identify risky main and/or prioritize its replacement focus. However, CAN DO should also begin planning, setting goals, and refining its long-term plans to replace aging infrastructure.

Recommendation V-2: Create a 50-year prediction for replacement needs and use this to add specific main replacement goals to the Company’s next long-term plan.

Finding V-3: CAN DO personnel experienced significant overtime during large capital projects.

In addition to the Director of Utilities, CAN DO’s utility department employs one full-time water operator, one full-time wastewater operator, and one part-time operator who can perform water and wastewater duties. According to the Director of Utilities, there is no hard limit to the amount of overtime (OT) that operations employees are supposed to work, other than the goal to minimize it. The Company limits planned OT to four hours per shift, and they try to limit unplanned OT to four hours per callout. Exhibit V-2 shows the annual operations overtime percentage by employee and by utility type.

Exhibit V-2
CAN DO, Inc.
Annual Operations Overtime by Employee and Utility Type
2020 – 2024

Employee	2020	2021	2022	2023	2024
#1	9.23%	26.59%	10.10%	19.13%	6.01%
#2	14.66%	14.57%			
#3	14.13%	7.31%			
#4			7.31%	10.38%	10.29%
#5			34.33%	30.43%	
Total OT Hours	791	1,008	1,076	1,247	551
Water	12.85%	18.57%	26.25%	26.67%	8.80%
Wastewater	12.50%	13.73%	8.24%	13.30%	8.86%

Source: PUC Data Requests WO-11 and WW-7, and auditor analysis

As shown in Exhibit V-2, for the years 2021, 2022, and 2023, the OT percentage was over 15% for the water operations side. In contrast, wastewater operations OT was consistently below 15%. According to the Director of Utilities, the high OT in 2021, 2022, and 2023 was project-specific. In 2021, the Company had some staffing issues: they lost a wastewater operator, then lost a water operator. This meant that the backup operator was working overtime to cover the loss of each primary operator. In 2022, large projects required OT to be used. The large projects ended in 2023, which resulted in a big decrease in overtime used in 2024. In 2024, the Company conducted surveys for meter replacement, which also required the use of some OT.

The Society for Human Resource Management (SHRM) recommends that overtime average between 5 and 15 percent of the non-overtime hours worked. Moreover, a host of studies have shown that excessive overtime results in increased health problems, increased safety risks, decreased productivity, increased absenteeism, and increased turnover rates.⁵

⁵ Sources:

- Hayashi T et al. Effect of overtime work on 24-hour ambulatory blood pressure. *Journal of Occupational and Environmental Medicine* 1996; 38.
- Ettner SL, Grzywacz JG. Workers' perceptions of how jobs affect health: a social ecological perspective. *Journal of Occupational Health Psychology* 2001; 6.
- Lowery JT et al. Risk factors for injury among construction workers at Denver International Airport. *American Journal of Industrial Medicine* 1998 Aug; 34.
- Rosa RR. Extended workshifts and excessive fatigue. *Journal of Sleep Research* 1995; 4.
- Cornell University. Industrial and Labor Relations, Institute for Workplace Studies. *Overtime and the American Worker*. 1999
- Shields M. Long Working Hours and Health. *Health Reports*, Autumn 1999; 11.
- Kirkaldy B et al. Working Hours, Job Stress, Work Satisfaction, and Accident Rates Among Medical Practitioners and Allied Personnel. *International Journal of Stress Management* 1997; 4.
- Nevison J, *Overtime Hours: The Rule of Fifty*.
- Shepard E, Clifton T. Are Long Hours Reducing Productivity in Manufacturing. *International Journal of Manpower* 2000; 7.

CAN DO has limited staffing, and no specific goals or limits related to overtime. This results in individuals being required to work excessive overtime whenever a large project causes an increase in workload, which can lead to increased expenses for the Company as well as fatigue, mistakes, health implications, and accidents for the affected employees. While CAN DO's small size will require employees to work overtime occasionally, the Company should incorporate anticipated staffing requirements when planning large projects. In some cases, in lieu of using overtime, the company should use other options such as extending schedules or using contractors where appropriate.

Recommendation V-3: Develop a plan to incorporate a staffing resource assessment into future large projects to increase available resources.

Finding V-4: CAN DO's meter testing policies and records are incomplete.

CAN DO is currently in the process of deploying smart meters throughout its system and was on track to reach 90% replacement by the end of April 2025. However, CAN DO does not have documented meter testing policies or procedures; instead, all meter testing and maintenance is outsourced to a contractor. According to the Director of Utilities, meter testing is built into the contract, which requires that the contractor be responsible for testing according to the manufacturer's recommendation. The contract has a provision in Appendix B to, "...maintain the Equipment in such a manner so as to ensure that the Equipment is in compliance with 52 Pa. Code § 65.8 (relating to Meters) at all times during the Term." However, this provision does not require the contractor to provide documentation to CAN DO regarding any testing performed to maintain compliance.

The Company acknowledges that not all historical testing records were maintained in a centralized or easily accessible format, so complete records of past meter testing performance were not available. Audit Staff was able to review a limited number of test records since 2020. The lack of test records means the meter testing program cannot be fully evaluated. In recent years, CAN DO intentionally reduced calibration testing in anticipation of a full meter replacement initiative⁶. While the deployment of new smart meters absolves the need for continued testing of the old meters once they are replaced, active meters are still required to be tested according to 52 Pa. Code § 65.8.⁷

⁶ CAN DO signed the contract with a vendor for full meter replacement in December 2023.

⁷ According to 52 Pa. Code § 65.8

(a) Allowable Error: No water meter which has an error in registration of more than 2% may be placed in service, nor may a water meter which has an error in registration of more than 4% be allowed to remain in service...

(b) Periodic tests: No public utility furnishing metered water service may allow a water meter of 1 inch or less nor a water meter of more than 1 inch to remain in service for a period longer than 20 years and 8 years respectively without testing it for accuracy and readjusting it if it is found to be incorrect beyond the limits established in subsection (a)...

(c) Meter Test Records: Whenever a water meter is tested, the original test record should be kept indicating the information necessary for identifying the meter, the reason for making the test, the reading of the meter before being disturbed, and the accuracy of the meter together with data taken at the time of the test...

The Company indicated that it generally adheres to a five-year testing period. While the previous contractor may have met the five-year goal, CAN DO's contract did not require any documentation, meaning Audit Staff could not verify the testing period. CAN DO should specify its meter testing interval within the contract with its vendor. In addition, the Company must maintain sufficient records of its facilities regardless of who does the work. Therefore, CAN DO should receive and retain a record of any meter tested on its system.

Recommendation V-4: Establish testing frequency for meters within Company policies and ensure documentation is retained for any meter tested.

Finding V-5: CAN DO lacks valve testing policies and records.

CAN DO's water and wastewater valve inspection manuals state that testing and inspection are conducted regularly as part of the preventative maintenance program, however, neither specifies the frequency of inspections. Instead, the Company's contractor sets the schedule based on their experience. The Company indicated that critical, or "isolating", valves, and valves for tanks and well shut off valves are exercised regularly as part of scheduled maintenance. Furthermore, the Company hopes to require cutoff valves to be exercised at least once every eight years. However, CAN DO's contract with its contractor does not specify the period for valve maintenance or inspection. CAN DO has no record of valve inspections because there is no requirement to keep records of valve maintenance in the current valve maintenance contract.

According to the AWWA G200-09 Distribution Systems Operation and Management standard:

The utility shall have a valve exercising program. This program shall follow AWWA Manual M44 and the manufacturers recommended procedures and include at least the following elements: ... a goal for the number of distribution valves to be exercised annually; ... Critical valves in the distribution system shall be identified for exercising on a regular basis...The program shall track the annual results and set goals to reduce the percent of inoperable valves...A goal of replacing the inoperable valves identified during the operation and maintenance process shall be established as part of the exercising program.

While CAN DO outsources this work to its contractor, the Company is responsible for ensuring its system is maintained appropriately. Therefore, CAN DO should specify certain parameters like the identification of critical valves, set inspection frequency, and retain inspection records.

Recommendation V-5: Create valve testing policies that establish frequency and retain valve exercise records.

VI – EMERGENCY PREPAREDNESS

Background

Effective June 2005, the Public Utility Commission’s (PUC or Commission) regulations at 52 Pa. Code § 101 (Chapter 101) require jurisdictional utilities to develop and maintain written physical security, cybersecurity, emergency response, and business continuity plans to protect the infrastructure within the Commonwealth of Pennsylvania and ensure safe, continuous and reliable utility service. Along with the requirement to establish these “emergency preparedness” plans, a utility is required to annually file a Self-Certification Form to the Commission documenting compliance with Chapter 101. This form, available on the PUC’s website, includes 13 questions as shown in Exhibit VI-1.

Exhibit VI-1 Pennsylvania Public Utility Commission Public Utility Security Planning and Readiness Self-Certification Form

Item No.	Classification	Response (Yes–No–N/A*)
1	Does your company have a physical security plan?	
2	Has your physical security plan been reviewed in the last year and updated as needed?	
3	Is your physical security plan tested annually?	
4	Does your company have a cybersecurity plan?	
5	Has your cybersecurity plan been reviewed in the last year and updated as needed?	
6	Is your cybersecurity plan tested annually?	
7	Does your company have an emergency response plan?	
8	Has your emergency response plan been reviewed in the last year and updated as needed?	
9	Is your emergency response plan tested annually?	
10	Does your company have a business continuity plan?	
11	Does your business continuity plan have a section or annex addressing pandemics?	
12	Has your business continuity plan been reviewed in the last year and updated as needed?	
13	Is your business continuity plan tested annually?	

* Attach a sheet with a brief explanation if N/A is supplied as a response to a question.

Source: Public Utility Security Planning and Readiness Self-Certification Form, as available on the PUC website at https://www.puc.pa.gov/general/onlineforms/pdf/Physical_Cyber_Security_Form.pdf.

The PUC Auditors use a NIST (National Institute of Standards and Technology) Cybersecurity Framework-based audit plan, modified to address the needs and capabilities of the PUC and the Pennsylvania utility companies. Our examination of CAN DO, INC’s emergency preparedness included a review of physical security plans

(PSP), cybersecurity plans (CSP), emergency response plans (ERP), business continuity plans (BCP), and associated security measures. Furthermore, the Audit Staff performed inspections at a sample of the Company's facilities including: the main office, wastewater treatment plant, well houses, lift stations, and storage tanks. Due to the sensitive nature of the information reviewed, no specific information is revealed in this report, but rather, the generalities of the information reviewed are summarized.

The Director of Utilities is ultimately responsible for physical security and emergency preparedness. There is a safety subcommittee that meets monthly to discuss various safety issues including emergency preparedness, confined spaces training, first aid, etc. This committee is advised by a safety consultant who also acts as an inspector for this committee. The safety inspector runs the safety committee meetings, and the safety committee reports to the Director of Utilities and the Director of Construction and Facilities. Business continuity is reviewed by the President/CEO, the IT consultant, the safety consultant, and the strategic plan consultant, with the Director of Utilities having an advisory role to the group. The IT consultant also advises the President/CEO on cybersecurity.

Findings and Conclusions

Our examination of CAN DO's emergency preparedness included a review of the PSP, CSP, ERP, BCP, vulnerability assessment and all associated security measures. Based on our review of CAN DO's emergency preparedness efforts, the Audit Staff recommends that the Company should initiate or devote additional efforts to improving its security planning and preparedness procedures by addressing the following:

- **Finding VI-1: Moderate physical security and/or safety deficiencies were identified at CAN DO's facilities.**
- **Finding VI-2: CAN DO's emergency plans could be improved.**
- **Finding VI-3: Tabletop exercises and drills are not used to test the emergency plans.**
- **Finding VI-4: No formal vulnerability assessments or risk analyses have been conducted.**
- **Finding VI-5: CAN DO lacks a mobile device usage policy.**
- **Finding VI-6: CAN DO lacks specific requirements for the security measures in its Physical Security Plan.**
- **Finding VI-7: CAN DO lacks fall protection near open-topped aerated tanks.**

- **Finding VI-8:** CAN DO has a list of its IT systems and components but does not rank them by criticality.
- **Finding VI-9:** CAN DO does not have a cybersecurity maturity model.

Discussion

Finding VI-1: Moderate physical security and/or safety deficiencies were identified at CAN DO's facilities.

Various physical security deficiencies were noted during inspection of CAN DO's facilities. Most of these deficiencies were due to facility age, neglect, weather, or general wear and tear. These included concerns such as barbed wire problems, fencing issues, clearance issues, and compromised safety measures.

Physical security should be continuously addressed, and any deficiencies should be remediated in a timely manner. Addressing physical security vulnerabilities reduces the risk of security incidents and protects equipment from damage and outages. Deficiencies in a layer of security can render that layer ineffective. Therefore, any deficiency should be repaired or mitigated in the interest of maintaining multiple, functional layers of security throughout the Company's facilities. In addition, proactive remediation of safety concerns ensures personnel can perform job functions effectively and consistently. Therefore, CAN DO should repair, remediate, or mitigate the identified deficiencies.

Recommendation VI-1: Correct moderate deficiencies in physical security and safety equipment.

Finding VI-2: CAN DO's emergency plans could be improved.

It is an industry best practice for any emergency plan to incorporate change tracking and accountability sections, and for the cybersecurity plan to include a lifecycle management plan for hardware and devices. CAN DO has Emergency Response Plans (ERPs) for specific locations. While most of CAN DO's ERPs are complete and comprehensive, the Humboldt Wastewater Treatment Plant ERP does not have a revision history or accountability section. These sections are important to track changes and identify who is accountable for making them.

CAN DO's physical security plan (PSP), business continuity plan (BCP), and cybersecurity plan (CSP) do not contain the dates they were put into effect, revision histories, or accountability sections, but are otherwise complete. CAN DO's CSP also lacks a lifecycle management plan for hardware and devices. According to CAN DO's IT consultant, CAN DO tracks the purchase dates for cyber equipment and critical assets, and evaluates annually for replacement needs, but there is no written policy. The

consultant reviews the expected lifespan of equipment and adjusts replacement schedules accordingly.

The lack of change tracking and accountability sections in most of CAN DO's emergency plans could lead to outdated plans or version control problems. In addition, while the Company has a lifecycle management procedure in place for cyber equipment, the lack of documentation could lead to disruption or loss of knowledge should key employees/consultants leave.

Recommendation VI-2: Add revision history and accountability sections to the Physical Security Plan, Emergency Response Plan, Business Continuity Plan, and Cybersecurity Plan, and document the lifecycle management program in the Cybersecurity Plan.

Finding VI-3: Tabletop exercises and drills are not used to test the emergency plans.

According to 52 Pa. Code Chapter 101 Section 101.3:

- (a) A jurisdictional utility shall develop and maintain written physical and cyber security, emergency response, and business continuity plans...
- (b) A jurisdictional utility shall review and update these plans annually.
- (c) A jurisdictional utility shall maintain and implement an annual testing schedule of these plans.

CAN DO's PSP is not tested with tabletop exercises or drills, though inspections are conducted at least annually. While inspections are a good way to find physical security weaknesses or damage, they do not provide the same training and practice opportunities as a drill or tabletop exercise, which can be used to test communications plans and provide context and process familiarity for executive level leadership. Meanwhile, CAN DO's ERP is tested with fire drills. No other tests or drills of the ERP are conducted, though the Company plans to add further testing beginning in the coming fiscal year. These additional drills, tabletop exercises, and testing can provide practice or learning opportunities familiarity for Company personnel.

The BCP has not been tested by any incidents or attacks, though the Company considers allowing employees to work remotely a test of its BCP. However, there are a number of other factors that may require activation of the BCP that remote work may not be the appropriate response. Business continuity and cyber incident response are inextricably linked now that companies are so reliant on their computer systems. CAN DO's cyber incident response plan is reviewed annually, but it is not drilled or tabletop exercised. In addition, the CSP is tested regularly and extensively but is not drilled or tabletop exercised.

While the Company does test the ERP, BCP, and CSP in compliance with 52 Pa. Code Chapter 101 Section 101.3, the Company does not test the PSP as required by the same regulation. However, there are a number of low cost ways to improve the testing of all four plans by incorporating tabletop exercises, short safety talks, etc. As a result, the Company is missing an opportunity to prepare for a variety of unexpected emergencies.

Recommendation VI-3: Conduct regular tabletop exercises and/or drills to test the Physical Security Plan, Emergency Response Plan, Business Continuity Plan, and Cybersecurity Plan.

Finding VI-4: No formal vulnerability assessments or risk analyses have been conducted.

Audit Staff could not review the Company's vulnerability assessments, because no written report is produced. Instead of a formal, written vulnerability assessment, CAN DO's IT consultant annually generates a list of equipment upgrades that could improve cybersecurity and uses this for discussion with CAN DO's management. In addition, CAN DO's Director of Construction and Facilities conducts physical security assessments, but produces no formal written report or review⁸. No formal risk analysis has been performed relating to water operations or business continuity. The Company indicated that it performs a cost evaluation that incorporates risk and resilience management as part of its business continuity planning process.

While CAN DO is not required to conduct a risk assessment by the America's Water Infrastructure Act of 2018 (Act), Audit Staff considers it a best practice. CAN DO should conduct periodic risk assessments and should use the requirements of the Act as guidelines to develop their own risk analyses and vulnerability assessments. The Company has conducted informal risk assessments and vulnerability analyses but has not documented them. Without thorough, documented risk analysis and vulnerability assessments regarding physical security, emergency response, business continuity, and cybersecurity, the Company may not be aware of specific risks and vulnerabilities that it should be addressing or mitigating.

Recommendation VI-4: Conduct regular vulnerability assessments and risk analyses.

⁸ CAN DO is not required to do the America's Water Infrastructure Act of 2018's risk assessment because it serves less than 3,300 people.

Finding VI-5: CAN DO lacks a mobile device usage policy.

CAN DO's CSP requires technical controls that include protection solutions safeguarding laptops, desktops, and mobile devices, and it has a section on best practices for cybersecurity, including a section on avoiding connecting to unsecured Wi-Fi networks and using a VPN to access sensitive data remotely.

The telephone-related policies in the Company's employee handbook pertain to the use of cell phones as telephones only, and not as the mobile devices they are today. These sections discourage personal phone use at work and forbid using them when driving or using construction or lawn equipment, but do not forbid using personal cell phones or mobile devices to access the Company intranet or network.

Employees are not forbidden from accessing non-sensitive data remotely without a VPN, and neither the handbook nor the CSP defines any requirements for user-owned mobile device's cybersecurity software or other measures.

It is an industry best practice to have both security measures and policies in place to stop unauthorized devices from communicating with the company's intranet and computer systems, as well as securing and verifying the integrity of devices that are allowed to connect to the company's intranet and computer systems. CAN DO limits what devices are allowed to connect to the Company intranet but allows certain personal devices to connect, and it does not have policies defining what practices regulate the security of these personally owned devices. As a result, the potential exists for a compromised personally owned device to connect to the Company's intranet and computer systems.

Recommendation VI-5: Establish a mobile device usage policy to define the practices required to regulate the security of personally-owned mobile devices connecting to the Company's intranet and computer systems.

Finding VI-6: CAN DO lacks specific requirements for the security measures in its Physical Security Plan.

According to 52 Pa. Code Chapter 101.3(a)(1): a physical security plan must, at a minimum, include specific features of a mission critical equipment or facility protection program and company procedures to follow based upon changing threat conditions or situations. CAN DO's PSP includes tiers of security and requirements for them, but the requirements are very vague. For instance, doors are required to be locked, but there are no specifications for the type of doors that will be used, or the types of locks. At a minimum, the PSP should include specific requirements for the physical characteristics of security measures such as:

- Minimum measurements; material composition; type of locks used; etc. for doors.
- Material composition; height; minimum inside and outside clearances; presence of barbed wire; any reinforcement of the fence mesh (stiffening wire, bottom pole, setting the mesh into concrete or burying it, etc.); type of gate and locking mechanism; for fences and gates.
- Areas covered, intensity, etc. for lighting.
- Location, coverage, and record retention for alarms and cameras.
- Specific features of any other required security measures.

CAN DO cited a variation in funding requirements for specific projects as the reason why security features are different at each site. While funding for capital projects at utilities will always be a challenge, the Audit Staff recommends establishing minimum required specifications for physical security equipment. These specifications can be further refined based on facility criticality levels established in CAN DO's PSP. This would provide a minimum standard for all physical security at CAN DO based on criticality that would be incorporated in every project.

Recommendation VI-6: Establish specific security requirements for the security measures defined in the Physical Security Plan and review the plan for potential new security measures.

Finding VI-7: CAN DO lacks fall protection near open-topped aerated tanks.

CAN DO's Humboldt Wastewater Treatment Plant (WWTP) has several aerated tanks with railings around them, but the railings are low (between knee and waist height), and sections are missing where the railings would impede the operation of valves and equipment. There are no rescue hooks near these tanks. Aerated water is less dense than regular water, and human bodies are not buoyant in it, so anyone who falls in and is not rescued quickly will certainly drown in pre-treated wastewater. The Humboldt WWTP is staffed by one full-time employee and one temporary part-time employee, so rescue hooks would not likely help if someone were to fall in. For this reason, the Company should explore other options such as the fall prevention systems commonly used by roofing contractors.

According to the Occupational Safety and Health Administration (OSHA)'s website at [osha.gov/fall-protection](https://www.osha.gov/fall-protection),

Falls are among the most common causes of serious work related injuries and deaths. Employers must set up the workplace to prevent employees from falling off of overhead platforms, elevated work stations, or into holes in the floor and walls ... In addition, OSHA requires that fall protection be provided when working

over dangerous equipment and machinery, regardless of the fall distance ...⁹

Audit Staff recognizes the limitations and expense to install a fence or railing of sufficient height near CAN DO's open-topped aerated tanks, especially near its valves as the fence or railing would interfere with the operation of the valves. The presence of the existing railing is evidence that the Company has taken steps to mitigate fall danger. However, the Company has not considered the use of fall protection systems like those used by roofing contractors. Without fall protection or preventative measures, an employee who fell into the aerated tanks would drown with no hope of rescue.

Recommendation VI-7: Install preventative measures to protect against falls near aerated tanks.

Finding VI-8: CAN DO has a list of its IT systems and components but does not rank them by criticality.

It is an industry best practice to rank IT assets by criticality to identify which assets are most critical and to identify how long the utility can operate without the asset. A rank of criticality would allow the company to prioritize protection of the most critical assets. It also serves as guidance for which assets to restore first during a cybersecurity incident or outage.

CAN DO's CSP calls for the cybersecurity assets to be identified annually by the IT consultant but does not specify ranking them by criticality. CAN DO maintains an inventory of IT systems and components, but it is not ranked by criticality, because the Company operates under the assumption that all assets are equally critical. Furthermore, CAN DO has not identified how long it can operate without these systems and components and consequently may be noncompliant with 52 Pa. Code Chapter 101.3(a)(2)(iv). This leaves the Company without the ability to prioritize critical assets that will most immediately affect service quality and Company operations for protection and restoration in an emergency.

Recommendation VI-8: Rank the IT systems and components by criticality and use this ranking to prioritize future upgrades to cybersecurity.

⁹ Further information is available in the OSHA Standards 29 CFR 1910 Subpart I.

Finding VI-9: CAN DO does not have a cybersecurity maturity model.

A cybersecurity maturity model, such as NIST CSF, CMMC, CIS Controls, or C2M2, is a structured framework that helps organizations analyze, understand, and develop their cybersecurity posture. It provides a roadmap for organizations to move from a basic reactive, perimeter security-focused program to a more advanced, proactive security posture focused on defense-in-depth and resiliency. CAN DO's CSP does not specify a cybersecurity maturity model. The IT consultant is developing a cybersecurity self-assessment for the Company, using a nationally recognized self-assessment tool, and has not yet developed a maturity model.

The lack of a cybersecurity maturity model could lead to missed opportunities for improvement as CAN DO reviews and develops its cybersecurity planning and redirects its posture from traditional perimeter-focused to a more defense-in-depth and resiliency-based posture.

Recommendation VI-9: Select and implement a cybersecurity maturity model.

VII – CUSTOMER SERVICE

Background

CAN DO's customer service function is performed by the two accounting specialists under the Chief Financial Officer (CFO). The accounting specialists handle billing and payments, customer calls and emails, and collection efforts for CAN DO's water and wastewater customers. Utilities staff are responsible for handling customer complaints and maintaining a detailed log of all interactions. They assist with setting up new service accounts, distributing customer notifications, public notices, and other general communications. Additionally, they manage the customer contact information database to ensure accurate and up-to-date records. The Director of Utilities and field staff also conduct site visits and various inspections as part of their ongoing service and operational responsibilities.

Customer meters are read through a combination of Automated Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) technologies. The AMR meter reading process begins when customer accounts with AMR meters are loaded onto a tablet several billing days prior to the end of the month. Over the next day or two the Company's water technician collects reads by either radio frequency or physical contact with the meter. The new method uses AMI technology, which allows CAN DO to collect meter readings several times per day via a wireless frequency. CAN DO indicated that 100% of meters will be AMI by the end of the calendar year.

Under the old system, once meter readings are collected, an accounting specialist uploaded them into the Company's billing system. Under the smart meter reading system, accounting requests a file download of reads and this file is then uploaded into the billing system. Exceptions are flagged for high, low, and missing meter reads and investigated to resolve any exceptions. Accounting will then adjust the bills accordingly. CAN DO billing for utility service is rendered monthly for service during the preceding month. Bills are mailed during the first full week of the month, with payment due by the end of the month in which it is rendered. A 1.5% penalty applies to any amounts overdue by the end of the due date.

As CAN DO only provides services to commercial and industrial customers, it is not subject to most of the Commission's customer service regulations. More specifically, customer service regulations, including account billing, termination and customer complaint procedures, and standard practices, are established in 52 Pa. Code Chapter 56: Standards and Billing Practices for Residential Public Utility Service. Instead, terms of service for CAN DO's customers can be found in their PUC approved tariff.

Findings and Conclusions

Our examination of the Customer Service function included a review of the Company's policies and procedures, goals and objectives, billing and collections, and

customer surveys. Based on our review, the Audit Staff recommends that the Company should initiate or devote additional efforts to improving the efficiency and/or effectiveness of its customer service function by addressing the following:

- **Finding VII-1: CAN DO lacks documented customer service policies and procedures.**

Discussion

Finding VII-1: CAN DO lacks documented customer service policies and procedures.

CAN DO, as a utility, serves only slightly more than 100 customers, all of them being non-residential. With CAN DO's smaller size and limited regulatory requirements, the major customer service functions for CAN DO are billing and payments, which are handled by the accounting specialists. However, documentation to guide personnel performing customer service tasks is limited. Instead of formally documented policies and procedures for specific customer service-related activities, documentation is very informal and stored in non-standardized documents.

Failure to maintain adequate documentation on processes increases the risk for operations and practices to deviate from Management's control and intention. Outdated documentation may fail to provide adequate direction for employees to perform their duties in accordance with current conditions. Furthermore, failure to periodically review documentation increases the risk staff could rely on obsolete guidance that is missing key changes and no longer aligns with Management's vision. Therefore, the Audit Staff recommend documenting customer service-related procedures to ensure consistency in performance and application of policies and facilitate cross training among employees. Best practices for policies and procedures include:

- Author of the document and when it was created
- Date of last approval or revision
- Person who last approved or revised the document
- Version control to track what changes were made
- Use of a template to improve usability and consistency
- Review frequency (annually, every 3 years, etc.)

Recommendation VII-1: Standardize and formalize documentation to include version controls on all standard operating procedures and use processes or tools to ensure documentation is kept up to date.



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