

## MEMORANDUM

Subject: Rock Spring Water Company Customer Meeting  
Location: Fairbrook United Methodist Church, Whitehall Road, Ferguson Twp., Centre Co., PA  
Date/Time: February 27, 2014, 6:30 – 8:30 PM  
Attendance: PA Public Utilities Commission (PUC), PA Department of Environmental Protection (PADEP), Rock Spring Water Company (RSWC), John Lichman - State College Borough Water Authority (SCBWA), PA State Representative Mike Fleck, PA State Representative Scott Conklin Staff Member, RSWC Customers (Township has an attendance log)  
Moderator: Mark Kunkle, Ferguson Township Manager  
Discussion: The meeting was arranged by Ferguson Township for the Water Company, PUC and PADEP to receive feedback about the current condition and customer service of the Rock Spring Water Company  
From: Mark Glenn, GDF

Mr. Kunkle asked the RSWC to provide the current status of the system and offer a long range strategic plan for system operation and improvement.

Owners Roy Campbell and Bonnie Jacobs provided background on the expansion of system through the years. The RSWC attorney stated that the system is difficult to maintain because of limited financial resources and the age of the distribution system (50-70 years). Water loss is currently 70% and evidently the majority of the customers are metered. However, it was mentioned that many of the meters are over 30 years old and may be under-registering or not matching the remote reader values. The permitted capacity of the well is 230 GPM or 330,000 GPD. Evidently, the well runs constantly to keep up with water loss and system demand. A new spring, a private well and larger mains are future possibilities for system improvements, but nothing definite was provided by RSWC.

Over 100 RSWC customers were in attendance with about 20 customers expressing dissatisfaction with the current system condition and customer service. Most customers complained about low pressure because of leakage and frequent outages due to main breaks. Many stated that there is little or no communication with RSWC about main breaks or system maintenance. Several were concerned about the system running out of water and the effect on their property values. Questions were directed to state representatives about sources of grant funding for system repairs and replacements. Rep. Fleck said that large grant funding from the state for these purposes was unlikely.

Township fire personnel stated that RSWC fire hydrants (10) provide virtually no fire protection due to low flow and undersized mains. Ferguson Township discontinued assessing hydrant tax charges several years ago for this reason. The Township Fire Commissioner stated that this area of Ferguson Township has a low fire rating. A system of tankers is planned for fire emergencies in western Ferguson Township.

SCBWA has provided leak detection to RSWC as needed. Information on the Kocher/Nixon well field was provided. Recent testing revealed little or no impact on monitor wells near the RSWC well, contrary to a statement by Roy Campbell. SCBWA gave information on their lost water history (10%) and the constant vigilance needed to find and repair leaks. SCBWA outlined their recent main replacement history and the resources devoted to this task. No statements were made about a system take-over.

PADEP (John Hamilton) stated that the 70% RSWC water loss was unacceptable and violated a 2006 consent order. PADP would not approve any new source water development until lost water was corrected. DEP stated that ongoing regulations will continue to tax the limited resources of the RSWC system. Funds for system replacement could be available through Pennvest, but grants are limited under the program. Although, RSWC is a for-profit system, loans are available upon application. PADEP stated that in the last quarter, 24 million gallons of water were produced by RSWC with only 7 million gallons registered as metered consumption. This amounted to a 70% loss of water.

The PUC gave an overview of the July 2013 RSWC water rate approval process. It was noted that very few complaints were registered with the PUC and the PA Bureau of Consumer Protector through this process, despite notices to individual customers. This prompted complaints from several in the audience that, indeed, complaints were registered. PUC proceeded to process the rate increase on the basis of the filing but included a condition that the current owners entertain offers or make active attempts to sell the water company. RSWC officials vaguely indicated that they have made attempts to do so. They stated that several current stockholders want to sell the water company. PUC also stated that a condition was included to reduce lost water over a period of 5 years from 70% to 25%. Given the age, condition and resources of the system, this reduction is very unlikely.

PUC also stated that the current rates are very low and almost exactly match those of the SCBWA system of \$3.95/1,000 gallons or \$15-16 per month for an average residential customer. This was compared to the cost for the largest water company in the state (PA American Water Company) with an average residential customer cost of \$55/month. To improve or replace the system, PUC stated that rates will certainly have to increase, regardless of who owns the system. Earlier in the meeting, either the Township or RSWC stated that the cost to replace waterlines is \$1 million per mile.

At the conclusion of the meeting, the apparent consensus was that the majority of customers are dissatisfied with the operation of the Rock Spring Water Company. It was agreed that a committee of interested customers should be formed to explore ways to improve the system, research possible new ownership and investigate the cost and extent of system improvements. The Township will coordinate these efforts with the committee and the RSWC. Another customer meeting will be scheduled at a later time.