



MOVING WATER FORWARD

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House Consumer Affairs Committee

House Bill 2075 Session of 2018

Testimony of David R. Kaufman Vice President, Pennsylvania American Water Chairman, NAWC – PA Chapter

May 23, 2018

Thank you Chairmen Godshall and Caltagirone, committee members and staff for allowing us to provide testimony today. My name is David Kaufman and I am Vice President of Engineering for Pennsylvania American Water Company. I also serve as Chairman of the National Association of Water Companies (NAWC) - Pennsylvania Chapter. The NAWC represents all aspects of the private water service industry including ownership of regulated drinking water and wastewater utilities and the many forms of public-private partnerships and management contract arrangements. The Pennsylvania Chapter consists of five member companies that provide safe and adequate drinking water service to over 3.1 million Pennsylvanians in 492 communities in 39 counties. In addition, three member companies provide wastewater service to approximately 195,000 Pennsylvanians in 34 communities across nine counties. Our member companies are subject to the regulatory authority of the Pennsylvania Public Utility Commission (PaPUC) and must comply with drinking water, environmental and other operational standards established by the PaDEP and the EPA. We have an exceptional record of meeting regulatory standards for drinking water and many of our water treatment plants have been recognized for superior water quality achievements, earning the Directors' Awards in the EPA's Partnership for Safe Drinking Water program for outstanding performance with respect to meeting water quality and environmental standards. I am here to today to add our support to HB 2075 and to share with you why the approval of HB 2075 will address the need for the proactive replacement of customer-owned lead water services lines and the replacement or rehabilitation of damaged sewer laterals.

Recent events, including those in Flint, Michigan, have heightened our customers' concern about the presence of lead in drinking water. Drinking water does not contain lead when it leaves the treatment plant. Lead can leach into drinking water over time through corrosion, a dissolving or

wearing away of metal caused by a chemical reaction between water and plumbing materials. The risk for lead contamination arises when water passes through lead service lines and premise plumbing fixtures and solder used to join pipes and faucets.

Before I go any further, I would like to note that while I am here on behalf of the NAWC-PA membership, I will also include information pertaining solely to Pennsylvania American Water's proposal to replace lead service lines on the customer side.

The EPA and PaDEP promulgated treatment technique regulations for lead and copper (the "Lead and Copper Rule" or "LCR") in 1991 and 1994, respectively, which established an action level for lead in drinking water of 15 parts per billion (ppb). The current LCR requires public water suppliers to employ water treatment methods to minimize the corrosive quality of the water they provide. I know that in the past 30 years of operation, PAWC has not triggered the LCR action level in any portion of its system.

PAWC also operates over 10,000 miles of water distribution mains and over 700,000 service lines, which extend from the water main to the curb stop. The customer owns and is responsible for the service pipe that extends from the curb stop to the customer's premise. When we install replacement water mains in a new trench, we are routinely replacing Company-side services because the new water main is at a different location than the existing water main. We are avoiding main replacement work in areas where we expect to encounter lead service pipes on the customer side. However, infrastructure replacement in those areas is necessary and must be undertaken.

We believe that eliminating lead service pipes, together with robust corrosion control water treatment measures are a prudent and effective means to maintain regulatory compliance and protect public health. A relatively recent and growing body of research indicates that a "partial" replacement, which physically disturbs, but leaves in place, the customer's segment of a service

connection, potentially elevates the risk of lead exposure through drinking water after the replacement occurs. For that reason, the National Drinking Water Advisory Council recommended that the EPA revise the LCR regulations to require complete replacement of both the utility and customer segments of service connections that contain lead. Replacing the customer's lead service pipes when the corresponding mains and service lines are replaced will eliminate a potential source of lead exposure to our customers.

Recently, PAWC has proposed to the PaPUC a two phase replacement plan for lead service pipes. Under this proposed plan, PAWC will proactively remove and replace, with the customer's consent, lead service pipes that are encountered when it replaces its mains and service lines. Secondly, PAWC will remove and replace lead service pipes when requested to do so by a customer, subject to a few conditions.

The Company recognizes that this incremental risk can be avoided by replacing the customer's lead service pipes (together with the Company's service line if it is also lead) even in areas where there is no ongoing work by the Company that would disturb the existing Company's service lines and adjoining customer's service pipes. The best way to identify such locations is through customers' requests to have their lead service pipes replaced.

PAWC has proposed to the PaPUC, subject to their approval, that it will offer to replace a service pipe at a customer's request if the customer and the Company verify that the customer's service pipe is made of lead. The Company will maintain a log of customer requests grouped by relevant geographic areas. When a reasonable number of requests have been received in a given area, the Company will undertake all of the replacements in that area as part of a single project.

Many customers have been reluctant to replace their lead service pipes, particularly in older neighborhoods with populations that face economic constraints that make it difficult or impossible

for them to pay for replacement, which could cost individual customers, on average, \$3,500 or more depending on the length of the line or lateral that needs to be replaced. Allowing PAWC to replace lead service pipes under its replacement plan and spread the costs across its entire customer base is a reasonable solution to this problem. Furthermore, the Company will be able to leverage economies of scale to reduce costs and minimize service disruptions related to lead service pipe replacements.

Prior to the initiation of any work by the Company to replace a customer's service pipe, the affected customer must enter into an appropriate agreement with the Company, which among other things, authorizes the Company to access the customer's property to undertake the replacement work and acknowledges that the ownership and responsibility for the future maintenance, repair and replacement of the newly replaced service pipe will remain with the customer.

To inform customers, we will provide a letter to all customers within the areas affected by water main and service line renewal projects and also undertake appropriate customer education in areas that align with the scope of the replacement plan to let customers in those areas know the Company is offering to replace their lead service pipes under the conditions previously described.

In summary, our industry has taken prudent measures to comply with the current Lead and Copper Rule. However, we believe that removing lead service connections that may exist in our systems is a prudent measure for continued environmental compliance, especially in light of current research which indicates that the risk of lead exposure through drinking water can be potentially elevated with a "partial" service replacement. We can cost-effectively replace these services when we perform main replacement work and believe that a proactive plan will eliminate an environmental risk for future generations. Thank you again for your consideration.