



**Susan Simms Marsh**

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**VIA** eFiling

March 16, 2020

Rosemary Chiavetta, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Pennsylvania-American Water Company ("PAWC")  
2019 Wastewater Annual Asset Optimization Plan  
Docket No. M-2020-\_\_\_\_\_

Dear Secretary Chiavetta:

Enclosed for filing is Pennsylvania-American Water Company's 2019 Wastewater Annual Asset Optimization Plan ("AAO Plan") in compliance with 66 Pa.C.S. § 1356.

A copy of the AAO Plan has been served upon the parties listed on the enclosed Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Susan Simms Marsh".

Susan Simms Marsh

Enclosures

## **Pennsylvania-American Water Company 2019 Wastewater Annual Asset Optimization Plan**

### **Introduction:**

Pennsylvania-American Water Company (“PAWC”) files this Annual Asset Optimization Plan (“AAO Plan”) for its Wastewater Operations in compliance with 66 Pa C.S. § 1356. This section requires a utility with an approved distribution system improvement charge (“DSIC”) and a long-term infrastructure improvement plan (“LTIIIP”) to file an AAO Plan. PAWC received approval for its Wastewater DSIC and 2015-2019 LTIIIP (“2014 WW LTIIIP”) from the Pennsylvania Public Utility Commission (“Commission”) in an Order dated December 4, 2014, at Docket No. P-2014-2431005. On December 12, 2018, a Petition of Pennsylvania-American Water Company Wastewater Operations for Approval of Modification of Long-Term Infrastructure Improvement Plan was filed with the Commission (“Petition”). PAWC’s modified LTIIIP replaced Year 2019 of the Company’s 2014 WW LTIIIP and also included calendar years 2019-2023 (“Modified WW LTIIIP”). On August 15, 2019, a Joint Petition for Settlement (“Settlement”) was filed by PAWC, Commission Bureau of Investigation and Enforcement, Office of Consumer Advocate and Office of Small Business Advocate. The Commission, on January 7, 2020 issued an Order adopting Administrative Law Judge Joel Cheskias Recommended Decision consistent with the Opinion and Order. Pursuant to the Commission’s Order dated January 7, 2020, PAWC was directed to file, with the Bureau of Technical Utility Services, an Amended LTIIIP incorporating matters expressly resolved by the Settlement. On January 30, 2020, PAWC filed an Amended 5-Year Wastewater Long-Term Infrastructure Improvement Plan. It is currently under review and pending approval.

The Wastewater DSIC charge, due to the pending status of the referenced Petition, is currently applicable to the following rate zones:

Rate Zone 1 – Coatesville, Claysville, and Clean Treatment (Marcel Lakes).

Rate Zone 2 – Clarion and Pocono

Rate Zone 3 – Lehman Pike, Winona Lakes and Blue Mountain Lake

Beginning in 2018 and commensurate with new base rates, the wastewater DSIC was reset to 0%. A wastewater DSIC rate of 0% continued throughout 2018. Currently for investment in 2019, the wastewater DSIC rate is at the 5% cap.

The AAO Plan contained herein has the following elements:

- 1) A description of all eligible property repaired, improved and replaced in the preceding 12 months, pursuant to the utility’s long-term infrastructure improvement plan and the prior year’s asset optimization plan; and,
- 2) A detailed description of all facilities to be improved in the upcoming 12 months.

**Description of PAWC’s Wastewater Systems (DSIC eligible)**

	<b>Gravity Main (LF)</b>	<b>Force/Low Pressure Main (LF)</b>	<b>Manholes</b>	<b>Lift Stations</b>	<b>No. Customers as of 12/31/2019</b>
Blue Mountain Lake	0	68,252	0	6	871
Lehman-Pike (including Winona Lakes)	0	268,455	0	13	2,722
Pocono Country Place (Pocono)	150,649	99,798	777	2	3,686
Claysville	59,243	1,149	342	1	490
Coatesville	356,699	96,549	1,674	17	6,288
Clarion	204,450	36,295	957	6	2,224
Marcel Lakes	30,732	28,597	130	3	353
<b>Total</b>	<b>801,773</b>	<b>599,093</b>	<b>3,880</b>	<b>48</b>	<b>16,634</b>

**Long Term Infrastructure Plan Summary**

From 2015 through 2019, PAWC has continuously invested in its wastewater infrastructure to maintain safe, reliable service to its customers. The chart below compares the actual to projected cumulative expenditures during Years 2015 to 2019.

**Annual Expenditures 2015 to 2019**

<b>Year</b>	<b>Projected Annual Expenditures <sup>(1)</sup></b>	<b>Projected Cumulative Expenditures</b>	<b>Actual Annual Expenditures</b>	<b>Actual Cumulative Annual Expenditures</b>
2015	\$5,265,244	\$5,265,244	\$8,923,443	\$8,923,443
2016	\$5,290,000	\$10,555,244	\$5,509,055	\$14,432,498
2017	\$5,682,655	\$16,237,899	\$8,416,554	\$22,849,052
2018	\$5,097,241	\$21,335,140	\$4,810,440	\$27,659,492
2019	\$4,350,000	\$25,685,140	\$11,897,339	\$39,556,830
<b>Total</b>	<b>\$25,685,140</b>		<b>\$39,556,830</b>	

## Summary of Wastewater DSIC-eligible expenditures – Calendar year 2019

District	Actual Expenditures - 2019
Blue Mountain Lake - 69	\$0
Lehman Pike & Marcel Lakes - 69	\$290,379
Pocono - 58	\$1,172,345
Claysville - 26	\$0
Coatesville -67	\$6,545,705
Clarion - 47	\$3,888,909
<b>Total</b>	<b>\$11,897,339</b>

## Detailed Project Listing of Wastewater-DSIC eligible projects – Calendar year 2019 Actual

District	Funding Project Number	Description:	Installed Quantity	Capital Investment 2019
<b>Clarion WW</b>				
47	R24-47B1	Sewer line replacement projects (including manholes and laterals)	11,891 ft	\$3,790,488.43
47	R24-47C1	Emergency sewer main replacement work.	138 ft	\$6,616.96
47	R24-47F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program id required.	5	\$69,968.99
47	R24-47H1	Lateral replacements at locations determined to be deficient during annual inspection program.	4	\$21,834.76
47	R24-47Q1	Process Plant Facilities and Equip - Lift Stations		
<b>47 Total</b>		<b>Clarion WW</b>	<b>12,029 ft</b>	<b>\$3,888,909.14</b>
<b>Pocono WW</b>				
58	R24-58B1	Sewer line replacement projects (including manholes and laterals)	3,869 ft	\$1,145,349.47
58	R24-58C1	Emergency sewer main replacement work.		\$6,827.00
58	R24-58F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program id required.		
58	R24-58H1	Lateral replacements at locations determined to be deficient during annual inspection program.	6	\$20,168.17
58	R24-58Q1			
<b>58 Total</b>		<b>Pocono WW</b>	<b>3,869 ft</b>	<b>\$1,172,344.64</b>
<b>Coatesville WW</b>				
67	R24-67B1	Sewer line replacement projects (including manholes and laterals)	1,074 ft	\$991,457.19
67	IP	Coatesville WW CMP	9,691 ft	\$5,410,815.52
67	R24-67C1	Emergency sewer main replacement work.		\$40,587.90
67	R24-67F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program.	4	\$16,700.39
67	R24-67H1	Lateral replacements at locations determined to be deficient during annual inspection program.	24	\$86,144.42
67	R24-67Q1			
<b>67 Total</b>		<b>Coatesville WW</b>	<b>10,765 ft</b>	<b>\$6,545,705.42</b>
<b>Lehman Pike WW</b>				
69	R24-69B1	Sewer line replacement projects (including manholes and laterals)		\$79,485.67
69	R24-69C1	Emergency sewer main replacement work.		
69	R24-69F1	Valve replacements at locations determined to be deficient	1	\$4,125.97
69	R24-69H1	Lateral replacement project	59	\$206,767.82
<b>69 Total</b>		<b>Lehman Pike WW</b>	<b>0 ft</b>	<b>\$290,379.46</b>
<b>Total</b>				<b>\$11,897,338.66</b>

## Summary of Wastewater DSIC Eligible Properties Replaced in 2019

	Mains (LF)		Manholes	Laterals	Lift Stations
	Gravity	LP/Force			
Blue Mountain Lake					
Lehman-Pike		-	-	59	
Pocono Country Place (Pocono)	3,869		-	6	
Claysville					
Coatesville	10,765		40	55	
Clarion	12,029		62	130	
<b>Total</b>	<b>26,663</b>	<b>-</b>	<b>102</b>	<b>250</b>	<b>-</b>

## Detailed Project Listing of Wastewater DSIC-Eligible projects – Calendar year 2020 Projected

The project listing envisioned for the upcoming 12 months consist of a mixture of sewer line replacement, manhole and lateral work. The information is preliminary and subject to change.

District	Funding Project Number	Description:	Installed Quantity	Capital Investment 2020
<b>Clarion WW</b>				
47	R24-47B1	Sewer line replacement projects (including manholes and laterals)	6,174 ft	\$1,465,539.25
47	R24-47C1	Emergency sewer main replacement work.	ft	\$22,500.00
47	R24-47F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program id required.	14	\$69,051.59
47	R24-47H1	Lateral replacements at locations determined to be deficient during annual inspection program.	12	\$46,387.48
47	R24-47Q1	Process Plant Facilities and Equip - Lift Stations		
<b>47 Total</b>		<b>Clarion WW</b>	<b>6,174 ft</b>	<b>\$1,603,478.33</b>
<b>Pocono WW</b>				
58	R24-58B1	Sewer line replacement projects (including manholes and laterals)	2,776 ft	\$624,618.28
58	R24-58C1	Emergency sewer main replacement work.		\$18,000.00
58	R24-58F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program id required.	2	\$8,631.45
58	R24-58H1	Lateral replacements at locations determined to be deficient during annual inspection program.	5	\$20,874.37
58	R24-58Q1			
<b>58 Total</b>		<b>Pocono WW</b>	<b>2,776 ft</b>	<b>\$672,124.10</b>
<b>Coatesville WW</b>				
67	R24-67B1	Sewer line replacement projects (including manholes and laterals)	5,430 ft	\$2,171,806.05
67	R24-67C1	Emergency sewer main replacement work.		\$76,500.00
67	R24-67F1	Manhole replacements at locations determined to be deficient during annual manhole inspection program.	7	\$34,525.80
67	R24-67H1	Lateral replacements at locations determined to be deficient during annual inspection program.	17	\$69,581.23
67	R24-67Q1			
<b>67 Total</b>		<b>Coatesville WW</b>	<b>5,430 ft</b>	<b>\$2,352,413.07</b>
<b>Lehman Pike WW</b>				
69	R24-69B1	Sewer line replacement projects (including manholes and laterals)		
69	R24-69C1	Emergency sewer main replacement work.		\$13,500.00
69	R24-69F1	Valve replacements at locations determined to be deficient		
69	R24-69H1	Lateral replacement project	104	\$415,187.05
<b>69 Total</b>		<b>Lehman Pike WW</b>	<b>0 ft</b>	<b>\$428,687.05</b>
<b>Total</b>				<b>\$5,056,702.54</b>

**Summary:**

PAWC's AAO Plan demonstrates that PAWC has accelerated DSIC-eligible wastewater capital investment and the actual cumulative expenditures over the last 4 years are in excess of planned budgetary levels included in the Modified WW LTIP, primarily due to an increased level of investment.

On December 12, 2018, PAWC filed the Petition seeking Commission approval of its Modified WW LTIP. The Modified WW LTIP replaces Year 2019 of the Company's 2014 WW LTIP, and further includes, Years 2020-2023. It also includes wastewater assets acquired by the Company since 2014. While replacement of assets has continued in the additional systems it has not been presented herein pending approval of the Petition.

PAWC's Modified WW LTIP makes the following primary changes:

- (a) PAWC will utilize a risk-based condition assessment approach to prioritize wastewater replacement and rehabilitation projects;
- (b) Proposes to increase non-regulatory wastewater DSIC eligible spending to over \$20 Million annually in order to continue making the necessary improvements at an accelerated pace;
- (c) Expands to 18 the number of wastewater districts, including both combined and sanitary sewer systems acquired since 2014;
- (d) DSIC eligible property includes wastewater assets associated with both combined and sanitary sewer systems; and
- (e) Pursuant to recently enacted Act 120 of 2018, the entire customer service lateral on a gravity wastewater collection system is deemed to be DSIC eligible.

The Petition is currently under consideration by the Commission.

The projected 2020 wastewater replacement and rehabilitation program on Page 4 of this AAO Plan is consistent with year 2020 of the proposed Modified WW LTIP for the wastewater operations covered under this AAO Plan.

**COMMONWEALTH OF PENNSYLVANIA**  
**BEFORE THE**  
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**CERTIFICATE OF SERVICE**

I hereby certify that I have on this day served a true and correct copy of Pennsylvania-American Water Company's 2019 Wastewater Annual Asset Optimization Plan upon the participants listed below, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA EMAIL DELIVERY**

Richard Kanaskie  
Director and Chief Prosecutor  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
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The above-referenced Plan was filed with the Pennsylvania Public Utility Commission on March 16, 2020, with a copy to Kenneth Shaffer VIA Email.



Susan Simms Marsh  
Deputy General Counsel  
Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
717-550-1570

Dated this 16<sup>th</sup> day of March, 2020