

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265f**

Public Meeting held December 8, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
Stephen M. DeFrank, Vice Chairman  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

Petition of Columbia Water Company for Approval of  
its Second Long-Term Infrastructure Improvement Plan

Docket Number:  
P-2022-3034702

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration is the Petition of Columbia Water Company (Columbia) for approval of its Second Long-Term Infrastructure Improvement Plan (Second LTIP). Columbia filed its Second LTIP on August 26, 2022. Copies of the Second LTIP were served on the statutory advocates. On October 13, 2022, via Secretarial Letter, the Commission requested additional information from Columbia. On October 17, 2022, Columbia filed a response to the data request.

The Commission's review of Columbia's Second LTIP identified an omission of service of the Second LTIP upon the parties of record from Columbia's most recent base

rate case proceeding, as required by 52 Pa. Code § 121.4(a). The Commission notified Columbia of the deficiency on October 28, 2022. On October 31, 2022, Columbia served copies of its Second LTIP on the parties of record from Columbia's most recent base rate proceeding.<sup>1</sup>

No comments were filed. For the reasons expressed in this Opinion and Order we will approve Columbia's Second LTIP

## **BACKGROUND**

Effective April 16, 2012, Act 11 of 2012, (Act 11) provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve, or replace certain eligible distribution property that is part of the utility's distribution system. The eligible property for the utilities is defined in 66 Pa.C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file a LTIP with the Commission consistent with 66 Pa.C.S. §1352.

The Commission promulgated regulations relating to LTIPs at 52 Pa. Code §§ 121.1 – 121.8 that became effective December 20, 2014. In accordance with the regulations, DSIC-eligible utilities must include the following elements in its LTIP:<sup>2</sup>

- (1) Types and age of eligible property;
- (2) Schedule for its planned repair and replacement;
- (3) Location of the eligible property;

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<sup>1</sup> Docket No. R-2017-2598203.

<sup>2</sup> See 52 Pa. Code § 121.3.

- (4) Reasonable estimates of the quantity of property to be improved;
- (5) Projected annual expenditures and measures to ensure that the plan is cost effective;
- (6) Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service;
- (7) A workforce management and training program; and
- (8) A description of a utility's outreach and coordination activities with other utilities, PENNDOT and local governments on planned maintenance/construction projects.

### **COLUMBIA'S FIRST LTIP**

Columbia is in the business of selling and distributing water to retail customers within the Commonwealth of Pennsylvania and is therefore a "public utility" within the meaning of Section 102 of the Public Utility Code, 66 Pa.C.S. §§ 102, subject to the regulatory jurisdiction of the Commission. Columbia provides public water service to residential, commercial, public, and industrial customers in Columbia, Marietta, and Mountville Boroughs, and West Hempfield, Manor, and East Donegal Townships in Lancaster County, and Hellam Township in York County.

On February 21, 2017, Columbia filed a Petition for approval of its first LTIP for the years 2017 through 2021. In an Order entered June 14, 2017, at Docket No. P-2017-2590193 the Commission approved Columbia's Petition for approval of its first LTIP.

On April 19, 2018, Columbia filed its Annual Asset Optimization Plan (AAOP), at Docket No. M-2018-3001390, pursuant to 52 Pa. Code § 121.6.<sup>3</sup> On June 13, 2018, via a Letter from the Director of the Bureau of Technical Utility Services, the Commission rejected Columbia's AAOP because the Commission found that Columbia's AAOP was not in compliance with the repairs, improvements, or replacements of the specific eligible property in Columbia's approved LTIIIP. Columbia's AAOP detailed that Columbia had only replaced 380 feet (ft.) of main in 2017, as compared to the LTIIIP's projected replacement of 5,400 ft. of main in 2017. Columbia's AAOP also projected significantly less main to be replaced in 2018 as compared to its LTIIIP. Finally, Columbia indicated that it planned to integrate its former Marietta Division into its LTIIIP to make it DSIC-eligible, which would require a petition for modification.<sup>4</sup> The Commission directed Columbia to file a revised AAOP that outlines how it planned to come into compliance with the Code, including whether it plans to file a petition for modification pursuant to 52 Pa. Code § 121.5. On June 21, 2018, Columbia filed a revised AAOP that, *inter alia*, indicated that Columbia would file a petition for modification to its LTIIIP within 60 days of the date of filing of the revised AAOP.

On August 21, 2018, Columbia filed a Petition for Modification of its LTIIIP (Modified LTIIIP) to incorporate the Marietta rate district and adjust future spending and eligible property projections to account for changes in available capital and the regulatory environment, and to extend the term of the LTIIIP for one year to include 2022. The Commission approved Columbia's Modified LTIIIP in an Order entered December 8, 2018, at Docket No. P-2017-2590193.

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<sup>3</sup> AAOPs must detail the actual DSIC-eligible infrastructure replaced or upgraded in the past year, as well as a projection for the infrastructure replacements for the next year. Utilities as a matter of practice also report the actual and projected expenditures in the AAOPs. See Docket Nos. M 2018-3001390, M-2019-3008060, M-2020-3018792, M-2021-3024221, and M-2022-3031055 for Columbia's AAOPs.

<sup>4</sup> See 52 Pa. Code § 121.5.

The Commission initiated a periodic review of Columbia’s Modified LTIP via a Secretarial Letter dated May 15, 2020, as required by 52 Pa. Code § 121.7(a). In an Order entered October 8, 2020, at Docket No. M-2020-3019706, the Commission determined that Columbia’s Modified LTIP was sufficient, and that Columbia had substantially adhered to its plan.

In its Modified LTIP, Columbia projected to replace approximately 11,300 feet of main and expend approximately \$1.175 million. As shown in Table 1 below, Columbia actually replaced approximately 8,584 feet of main and spent approximately \$1.034 million according to Columbia’s AAOPs, which include estimated expenditures and main replacements for 2022. The shortfalls in main replacement and expenditures were due to the shortfalls in 2017 that were addressed by Columbia’s Modified LTIP.

In supplemental information filed with the Commission, Columbia maintains that its infrastructure replacement program allows it to continue to provide safe and reliable service to its customers. Columbia notes that its DSIC has allowed it to manage infrastructure replacement costs in an effective manner by directly targeting those costs without the need for additional rate case filings, the reasonable costs of which are borne by the ratepayers.

**Table 1: DSIC-Eligible Expenditures and Main Replacements for 2017 - 2022\***

<b>Year</b>	<b>Projected Exp.</b>	<b>Actual Exp.</b>	<b>Main Projected</b>	<b>Main Actual</b>
<b>2022</b>	\$157,900.00	\$157,900.00	1,200 Feet	1,200 Feet
<b>2021</b>	\$157,900.00	\$166,595.00	1,200 Feet	1,160 Feet
<b>2020</b>	\$157,900.00	\$186,423.00	1,200 Feet	1,262 Feet
<b>2019</b>	\$157,900.00	\$268,813.00	1,200 Feet	3,442 Feet
<b>2018</b>	\$157,000.00	\$166,513.00	1,100 Feet	1,140 Feet
<b>2017</b>	\$387,000.00	\$87,256.00	5,400 Feet	380 Feet
	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>
	\$1,175,600.00	\$1,033,500.00	11,300 Feet	8,584 Feet
		*2022 Estimate		*2022 Estimate

## **COLUMBIA'S SECOND LTIP**

Columbia's Second LTIP covers the years 2023 through 2027. Over the course of its Second LTIP, Columbia notes that it will spend \$1.4 million with average annual expenditures of \$280,000 per year. Columbia states that in general, the following components in order of priority are used to select infrastructure to replace each year: planned state highway improvements; planned municipal street improvements; planned large-scale improvements by other utilities; water main break frequency; age; material quality; and installation quality.

Columbia notes that its goal for its second LTIP is to accelerate the replacement of aging infrastructure. In supplemental information filed with the Commission, Columbia contends that this will help them maintain its low unaccounted-for water rates and low main break rates. Columbia notes that this strategy ties directly into its overarching goals of minimizing customer service disruptions and minimizing the withdraw of natural resources from the environment.

Columbia, in its petition, addressed the eight LTIP elements required by 52 Pa. Code § 121.3, as discussed below:

### **(1) TYPES AND AGE OF ELIGIBLE PROPERTY**

#### **Columbia's Position**

Columbia provided a list of all its eligible property as defined in 66 Pa.C.S. § 1351(3). Columbia notes that its eligible property includes water mains, company-owned service lines, valves, hydrants, tanks, and meters. Columbia affirms that it has developed and integrated a Geographic Information System (GIS) to map and manage its

water system assets. Columbia states that this provides it with an efficient means to identify DSIC-eligible facilities for replacement.

Columbia provides substantial detail on the material composition and age of its pipes, mains, services, meters, valves, and hydrants in its Petition. In its Second LTIP, Columbia states that it aims to replace 6,000 linear feet (LF) of main, 150 service lines, 25 valves, 15 hydrants and 420 meters. Table 2 below provides a breakdown of eligible property by type and Table 3 below provides a breakdown of Columbia’s water mains by size.

**Table 2: Types and Age of Eligible Property**

<b>Property Type</b>	<b>Quantity</b>	<b>Age (Year)</b>
Water Mains**	722,890 Linear Feet	1875-2021
Company Owned Service Lines	10,407	1875-2021
Valves	3,535	1875-2021
Hydrants	978	1875-2021
Meters	10,407	1990-2021

\*\* Less than 1% of all water mains were installed prior to 1900.

**Table 3: Quantity of Water Mains by Size**

<b>Water Main Diameter (inches)</b>	<b>Quantity (Linear Feet)</b>
4	7,550
6	143,650
8	311,050
10	52,200
12	195,000
16	13,100
36	340
<b>TOTAL</b>	<b>722,890</b>

## **Comments.**

No comments were received regarding the types and age of eligible property.

## **Resolution**

Upon review of Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

### **(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY**

#### **Columbia's Position**

Columbia states that many components must be evaluated and weighted when determining which infrastructure to replace each year. Columbia states that the following components, in order of priority, are used to select infrastructure to replace each year:

- Planned state highway improvements;
- Planned municipal street improvements;
- Planned large scale improvements by other utilities;
- Water main break frequency;
- Age;
- Material quality; and
- Installation quality.

Table 4 below identifies Columbia's eligible property that is projected to be replaced in the next five years. Columbia notes that these quantities were prepared based

upon the best available information (planned municipal and utility projects, main break data, pipe age, etc.) at the time this plan was prepared. Columbia maintains that actual quantities may vary depending on conditions that could change in the distribution system or changes made by the municipalities to their street projects.

**Table 4: Projected Quantities of Eligible Property to be Replaced for 2023 - 2027**

Year	Water Main (LF)	Service lines (ea.)	Valves	Hydrants	Meters
2023	1,200	30	5	3	140
2024	1,200	30	5	3	140
2025	1,200	30	5	3	140
2026	1,200	30	5	3	140
2027	1,200	30	5	3	140

**Comments**

No comments were received regarding the schedule for planned repair and replacement of eligible property.

**Resolution**

Upon review of Columbia’s Second LTIP, the Commission finds that Columbia’s Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(2) by providing a schedule for planned repair and replacement of eligible property.

**(3) LOCATION OF THE ELIGIBLE PROPERTY**

**Columbia’s Position**

Columbia states that all its eligible property is in Lancaster and York Counties. More specifically, the eligible property is in the Boroughs of Columbia, Marietta, and

Mountville, and in portions of the Townships of West Hempfield, East Donegal, Hellam and Manor.

### **Comments**

No comments were received regarding the location of eligible property.

### **Resolution**

Upon review of Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(3) by providing a general description of the location of eligible property.

**(4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED and**

**(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE**

### **Columbia's Position**

Columbia states that for its DSIC-eligible projects, the most prudent, cost-effective methods are used to complete the project. Columbia notes that it uses a competitive bid process to purchase pipe, valves, hydrants, and meters. A detailed list of materials required for a project is then sent to major suppliers for price quotes. The lowest quote is then awarded the material contract. Columbia confirms that it uses its own staff and equipment to install water mains, company-owned service lines, valves, hydrants, and meters. Columbia notes that all its project sites are inspected regularly throughout the construction process by company personnel.

Columbia notes that the quantities of property to be replaced through the Second LTIP were prepared based upon the best available information (planned municipal and utility projects, main break data, and pipe age) at the time. Columbia maintains that its actual quantities replaced may vary depending on conditions that could change in the distribution system or changes made by the municipalities to their street projects. In supplemental information filed with the Commission, Columbia notes that historically it has funded its capital projects using a mix of cash flow from operations and bank or PENNVEST loans.

Columbia’s projected annual expenditures for the 2023 through 2027 period are listed in Table 5 below. Columbia notes that these estimates are based upon the quantities that were listed in Table 4 above, and recent construction costs. Columbia’s projected annual expenditures by eligible-property category are detailed in Table 6 below.

**Table 5: Projected Annual Expenditures for 2023 – 2027**

<b>Year</b>	<b>Projected Annual Expenditures</b>
2023	\$280,000
2024	\$280,000
2025	\$280,000
2026	\$280,000
2027	\$280,000

**Table 6: Projected Annual Expenditures by Category for 2023 – 2027**

<b>Year</b>	<b>Water Main</b>	<b>Service lines</b>	<b>Valves</b>	<b>Hydrants</b>	<b>Meters</b>	<b>Total</b>
2023	\$160,000	\$45,000	\$15,000	\$10,000	\$50,000	\$280,000
2024	\$160,000	\$45,000	\$15,000	\$10,000	\$50,000	\$280,000
2025	\$160,000	\$45,000	\$15,000	\$10,000	\$50,000	\$280,000
2026	\$160,000	\$45,000	\$15,000	\$10,000	\$50,000	\$280,000
2027	\$160,000	\$45,000	\$15,000	\$10,000	\$50,000	\$280,000

## Comments

No comments were received regarding the reasonable estimates of the quantity or expenditures of property to be improved, and cost effectiveness of the plan.

## Resolution

Upon review of Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code §§ 121.3(a)(4)-(5) by providing reasonable estimates of the quantity of property to be improved and the projected annual expenditures and means to finance the expenditures and ensure cost effectiveness.

### **(6) ACCELERATED REPLACEMENT AND MAINTAINING ADEQUATE, EFFICIENT, SAFE, RELIABLE AND REASONABLE SERVICE TO CUSTOMERS**

## Columbia's Position

Columbia states that it has a track record of investing in its infrastructure to maintain safe and reliable service to all of its customers, including infrastructure that is not DSIC-eligible. Columbia maintains that over the past five years considerable investment has occurred in major upgrades of its water system including: installation of a system-wide security system; installation of four emergency generators; repainting of two tanks; and installation of a new intake in the Susquehanna River. Columbia also recently purchased an adjacent water system, East Donegal, that was being operated by part-time contractors.<sup>5</sup> Columbia states that the Second LTIP is for its distribution system which

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<sup>5</sup> See *Application of Columbia Water Company for approval of the right to: (1) acquire, by sale, substantially all the water system assets of East Donegal Township Municipal Authority; and (2) offer, render, furnish or supply water service to the public in additional portions of East Donegal Township, Lancaster County, Pennsylvania*, Order entered February 3, 2022, at Docket No. A-2021-3027134.

is located in the Columbia and Marietta rate districts and that it does not include the East Donegal rate district. In supplemental information filed with the Commission, Columbia notes that since the establishment of its DSIC, it has replaced over 27,400 feet of pipe, 940 service lines, and 5,330 meters. Columbia's Second LTIP proposes to replace more aged water main, services and meters.

Columbia notes that the new infrastructure will help them maintain low unaccounted-for water rates and maintain low main break rates. In supplemental information filed with the Commission, Columbia advises that this helps them minimize customer service disruptions and minimize withdrawal of resources from the environment. Columbia adds that newer infrastructure minimizes the chance of failure and is less susceptible to natural disasters and terrorism. Columbia adds that it is also safer for its employees and customers.

## **Comments**

No comments were received regarding the manner in which the infrastructure replacement will be accelerated.

## **Resolution**

Columbia has demonstrated that its Second LTIP continues its accelerated rate of infrastructure improvement from its first LTIP. However, in order to ensure that the Commission and other interested parties can track Columbia's progress with lowering unaccounted-for water and main break rates, Columbia is directed to include a report that details its updated unaccounted-for water and main break occurrence rates in every

AAOP filed with the Commission, beginning with Columbia's AAOP filed in March 2023.<sup>6</sup>

Upon review of Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code §§ 121.3(a)(6) by providing a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

## **(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM**

### **Columbia's Position**

Columbia states that to ensure system reliability, public safety, quality installation and cost-effectiveness, all of its DSIC eligible projects will be constructed by qualified personnel. Columbia notes that it uses a competitive bidding process for the purchase of piping, valves, and hydrants. Columbia maintains that a list of materials is prepared for the project and sent to the four major pipe suppliers for price quotes. Columbia states that it utilizes its own staff and equipment for the installation of water mains, company-owned service lines, valves, hydrants, and meters. Columbia notes that its employees utilized for this type of work have extensive training in the use of heavy equipment, pipe laying procedures, disinfection procedures and safety training.

Columbia notes that for water mains greater than 12 inches in diameter, stream crossings or expedited PennDOT projects, it uses qualified local contractors for water main, valves and hydrant installations. Columbia states that these local contractors are prequalified based upon experience with similar projects, safety record, and qualifications

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<sup>6</sup> See Ordering Paragraph No. 2.

of personnel. Columbia states that all its project sites are inspected regularly throughout the construction process by Company personnel.

### **Comments**

No comments were received regarding the workforce management and training program.

### **Resolution**

Upon review of the Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(7) by providing a workforce management and training program that is designed to ensure that Columbia will have access to a qualified workforce to perform the work in a cost-effective, safe, and reliable manner.

## **(8) DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED PROJECTS**

### **Columbia's Position**

Columbia advises that it meets annually, and often more frequently, with the municipalities where it provides public water service in order to coordinate the replacement of water main with the reconstruction and/or repaving of streets and roadways. Columbia notes that these meetings often include other utilities serving the same areas. Columbia states that it coordinates its replacement projects to coincide with other planned roadway and utility work. Columbia states that PennDOT is very effective at notifying utilities well ahead of planned state highway projects making coordination of

the work an easy process. Columbia notes that in each of the municipalities where it provides public water service, public officials have a strong record of planning street projects far enough in advance to allow each of the major utilities to upgrade facilities as necessary.

Columbia states that for each project, it coordinates all work with the state or local municipality through planning meetings and the permitting process. Columbia also notes that it utilizes the PA One Call System to minimize utility conflicts and that it notifies its customers of proposed work with door hangers throughout the construction process.

## **Comments**

No comments were received regarding the description of outreach and coordination activities with other utilities, PennDOT and local governments on planned projects.

## **Resolution**

Upon review Columbia's Second LTIP, the Commission finds that Columbia's Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of Columbia's outreach and coordination activities with other utilities, PennDOT and local governments on planned projects and roadways that may be impacted by the Second LTIP.

## **SECOND LTIP SUMMARY**

The Commission's review of an LTIP must determine if the LTIP:<sup>7</sup>

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<sup>7</sup> See 52 Pa. Code § 121.4(e).

- Contains measures to ensure that the projected annual expenditures are cost-effective.
- Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement.
- Is sufficient to ensure and maintain adequate, efficient, safe, reliable, and reasonable service.
- Meets the requirements of 52 Pa. Code § 121.3(a).

The utility has the burden of proof to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain efficient, safe, adequate, reliable, and reasonable service to consumers.<sup>8</sup>

The Commission has reviewed Columbia's Second LTIIIP and finds that Columbia has met its burden of proof by demonstrating that its Second LTIIIP contains measures to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and maintain adequate, safe, reliable, and reasonable service, and meets the requirements of 52 Pa. Code § 121.3(a). Accordingly, Columbia's Second LTIIIP is approved.

The Commission finds Columbia's Second Long-Term Infrastructure Improvement Plan and manner in which it was filed conforms to the requirements of Act 11 and our Regulations. The plan, as approved herein, is designed to maintain safe, adequate, reliable, and reasonable service and, as such, Columbia shall be required to comply with the infrastructure replacement schedule and elements of that plan;  
**THEREFORE,**


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<sup>8</sup> See 52 Pa. Code § 121.4(d).

**IT IS ORDERED:**

1. That the Petition of Columbia Water Company for Approval of its Second Long-Term Infrastructure Improvement Plan is approved, consistent with this Order.
  
2. That Columbia Water Company shall include a report that details its updated unaccounted-for water and main break occurrence rates in every Annual Asset Optimization Plan filed with the Commission, beginning with Columbia Water Company's Annual Asset Optimization Plan filed in March 2023.
  
3. That the proceeding at Docket No. P-2022-3034702 be closed.

**BY THE COMMISSION,**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: December 8, 2022

ORDER ENTERED: December 8, 2022