

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

Public Meeting held June 15, 2023

Commissioners Present:

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

Petition of Pennsylvania-American Water Company –
Wastewater Division for Approval of its Second Long-
Term Infrastructure Improvement Plan

Docket Number:
P-2023-3038874

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration is the Petition of Pennsylvania-American Water Company – Wastewater Division (PAWC-WD) for approval of its second Long-Term Infrastructure Improvement Plan (Second LTIIIP). PAWC-WD filed its Second LTIIIP on March 08, 2023. Copies of the Second LTIIIP were served on the statutory advocates and the parties of record from PAWC-WD’s most recent base rate case proceeding.¹

¹ See, Docket Nos. R-2022-3031672 and R-2022-3031673.

On March 14, 2023, PAWC-WD filed a revised Second LTIIP as revised Exhibit No. 1. The revised Second LTIIP corrected the number for PAWC-WD's Coatesville Wastewater System's force main length from 18,720 linear feet (LF) to 130,469 LF.

On April 7, 2023, the Office of Consumer Advocate (OCA) filed comments to PAWC-WD's LTIIP. The OCA did not request hearings, but, *inter alia*, suggested that PAWC-WD provide additional information to the Commission to ensure PAWC's LTIIP will accelerate infrastructure repair and replacement in a cost-effective manner as required by Act 11. The OCA also noted that PAWC-WD should provide additional information regarding historic spending data, rate of infrastructure replacement and projected spending and infrastructure replacement. OCA Comments at 1 and 2.

On April 18, 2023, via a Secretarial Letter, the Commission issued a data request to PAWC-WD.

On May 02, 2023, PAWC-WD requested a five-day extension to submit its response to the data request.

On May 03, 2023, the Commission granted PAWC-WD's extension request.

On May 09, 2023, PAWC-WD filed its response to the Commission's data request.

No other comments were received. For the reasons expressed in this Opinion and Order we will approve PAWC-WD's revised Second LTIIP.

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 an LTIIP with the Commission consistent with 66 Pa.C.S. §1352.

The Commission promulgated regulations relating to LTIIPs 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 LTIIP:²

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

² See 52 Pa. Code § 121.3.

- (8) A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

PAWC-WD’S FIRST LTIIIP

PAWC-WD, Utility Code 230073, is a wholly owned subsidiary of American Water Works Company, Inc., and an affiliate of Pennsylvania-American Water Company (PAWC), utility Code 212285. PAWC and PAWC-WD provide public utility water and wastewater service to residents in Pennsylvania. PAWC-WD owns and operates 27 wastewater systems located in 16 counties across the Commonwealth and serves approximately 94,909 customer connections, including several bulk municipal customers.

On July 3, 2014, PAWC-WD filed its first LTIIIP that spanned the years 2015 through 2019. PAWC-WD’s first LTIIIP was approved by a Commission Order entered December 4, 2014, at Docket No. P-2014-2431005. On December 12, 2018, PAWC-WD filed a petition to modify its LTIIIP (Modified LTIIIP) and replace the year 2019 and further expand the LTIIIP to include the years 2020 through 2023 with a combined \$140.67 million in DSIC-eligible spending. PAWC-WD’s Modified LTIIIP was approved in a Commission Order entered April 16, 2020, at Docket Number P-2014-2431005. PAWC-WD’s Modified LTIIIP added certain wastewater assets from systems acquired after 2014 and focused on the replacement or rehabilitation of collection system infrastructure based on strategic condition assessment and hydraulic evaluations.

Table 1, below, shows PAWC-WD’s DSIC-eligible expenditures and main replacements for its Modified LTIIIP, according to its Annual Asset Optimization Plans (AAOPs).³ PAWC-WD’s actual spending for the years 2019 through 2023 is projected to

³ AAOPs are required pursuant to 52 Pa. Code § 121.6 and 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.

be approximately \$152.70 million, which is an approximate 9% increase from the \$140.67 million projected in its Modified LTIP.

Table 1: DSIC-Eligible Expenditures and Replacements for 2019 through 2023

Year	Projected Exp.	Actual Exp.	Main Projected	Main Actual
2023	\$40.68 Million	\$40.68 Million *	79,406 Feet	79,406 Feet *
2022	\$19.5 Million	\$26.20 Million	83,251 Feet	64,650 Feet
2021	\$20.98 Million	\$25.59 Million	74,110 Feet	68,360 Feet
2020	\$20.07 Million	\$27.65 Million	62,531 Feet	43,032 Feet
2019	\$39.44 Million	\$32.58 Million	35,298 Feet	26,663 Feet
	TOTAL	TOTAL	TOTAL	TOTAL
	\$140.67 Million	\$152.70 Million	334,596 Feet	282,111 Feet
		* 2023 Estimate		* 2023 Estimate

PAWC-WD’S REVISED SECOND LTIP

PAWC-WD’s revised Second LTIP spans the years 2024 through 2028 and includes approximately \$265 million in DSIC-eligible spending. PAWC-WD states that the goals of its revised Second LTIP are to: replace or rehabilitate collection system infrastructure based on strategic condition assessment and hydraulic evaluations; reduce inflow and infiltration levels to address sanitary sewer overflow (SSO) and combined sewer overflows (CSO) issues; and to correct deficiencies in certain newly acquired wastewater systems.

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

Utilities as a matter of practice also report the actual and projected expenditures in the AAOPs. PAWC-WD’s AAOPs may be found at Docket Nos. M-2019-3008178, M-2020-3019258, M-2021-3024340, M-2022-3031196, and M-2023-3038633.

(1) TYPES AND AGE OF ELIGIBLE PROPERTY

PAWC-WD's Position

PAWC-WD reports that its wastewater collection systems are comprised of approximately 94,909 service laterals, 37,056 manholes, and 7,596,953 LF of gravity main, which includes combined sewer gravity mains. PAWC-WD in its Petition provides substantial detail on its system components including information on: the material composition, length, and age of its pipes and mains; lift stations; manholes; and service laterals.

PAWC-WD states that it has developed and is applying a Geographic Information System (GIS) as the spatial component of its Enterprise Asset Management (EAM) Program. PAWC-WD reports that its wastewater assets, such as collection mains, manholes, and lift stations are spatially located and attributed with critical information. PAWC-WD maintains that its GIS data will be updated to include system changes, such as replacement of old pipes or expansion of the wastewater collection system. PAWC-WD notes that for some of its recently acquired systems, there is limited information on the wastewater properties. PAWC-WD affirms that all its data sources were analyzed, and the best available information was used to quantify the types of eligible property for each system.

PAWC-WD reports that it owns three types of sewer collection systems, which are described below.

Gravity Systems

PAWC-WD states that in a gravity collection system, service laterals from the customer premise connect to a sewer main usually located in an alley or street. PAWC-

WD notes that for combined systems, catch basins / inlets convey rainfall runoff directly to the gravity collection system. PAWC-WD maintains that its eligible property also includes facilities that are unique to combined sewer collection systems, such as CSO regulators, diversion manholes, storage structures, outfalls, and equalization chambers. PAWC-WD states that its sewer mains and interceptor sewer mains (also referred to as trunk lines) form a branched network that generally follows street layout and can be accessed through manholes. PAWC-WD affirms that its service laterals can be accessed through lateral cleanouts and its gravity collection systems either convey sewage directly to a wastewater treatment plant (WWTP) or to a lift station. PAWC-WD notes that its gravity main and manhole material generally depends on its installation date. PAWC-WD maintains that newer mains are polyvinyl chloride (PVC), while older mains are mostly vitrified clay pipe (VCP). PAWC-WD adds that its newer manholes are pre-cast or cast-in-place concrete, while its older manholes are brick.

Low Pressure Systems

PAWC-WD reports that in a low-pressure collection system, individual customer sewage collects in a grinder pump and pit installation. PAWC-WD notes that sewage is then pumped from the pit through a service lateral into a low-pressure force main and then depending on topography and layout, some low-pressure collection systems include lift stations to boost pressure. PAWC-WD maintains that a low-pressure force main may contain in-line flow meters, valve vaults, and air and vacuum release chambers and that a low-pressure system can convey sewage directly to a WWTP, a lift station, or a manhole in the gravity system. PAWC-WD adds that on low-pressure systems, the eligible property associated with the service lateral extends from the sewer main to the individual customer's grinder pump unit. PAWC-WD notes that one exception to this exists in its Blue Mountain district where there are five company grinder pump and pit installations.

Force Main Systems

PAWC-WD notes that a force main is a pressurized discharge pipeline from a lift station. PAWC-WD adds that a force main pipeline may contain in-line flow meters, valve vaults, and air and vacuum release chambers. PAWC-WD states that it owns and operates 156 lift stations and approximately 799,144 LF of force main collectively. PAWC-WD states that in general, its force main material is cast iron for older pipes and ductile iron or PVC for newer pipes.

Tables 2 and 3 below detail the eligible property for each wastewater system and combined systems (sewer and stormwater).

Table 2: Types and Age of Eligible Property

Wastewater System Grouped by State Region		Gravity Main (LF)	Combined Sewer Gravity Main (LF)	Force Main / Low Pressure Main (LF)	Lift Stations	Manholes	Service Laterals ^a	General System Age
Central	Fairview North	165,932	0	20,563	11	873	1,903	>1950
	Fairview South	197,520	0	12,889	6	1,057	2,248	>1992
	Foster Twp	38,684	0	9,600	4	205	518	>2011
	Franklin	56,584	0	12,423	1	198	349	>1972
	McEwensville	12,669	0	1,242	4	57	129	>1984
	New Cumberland	145,413	0	6,899	3	613	3,110	>1950
	Turbotville	21,416	0	0	1	90	308	X
York	541,398	0	1,666	1	2,636	13,427	>1910	
Northeast	Blue Mountain Lake	0	0	67,899	6	0	923	>1990
	Lehman Pike	0	0	266,695	13	1	2,798	>1980
	Marcel Lake	30,732	0	28,597	2	130	361	>1980
	Pocono	150,329	0	99,807	2	643	877	>1975
	Scranton	548,947	1,189,500	12,269	7	9,445	29,701	>1900
	Wild Acres	8,767	0	22,035	1	30	35	>1980
Southeast	Coatesville	661,641	0	130,469	24	3,208	10,690	>1930s
	Exeter	650,680	0	13,592	6	3,110	7,867	>1960
	Royersford	68,564	0	4,454	2	262	1,493	>1960
	Upper Pottsgrove	105,050	0	19,815	4	518	1,546	>1990
West	Butler	1,412,793	0	51,622	24	6,488	14,595 est	>1930s
	Clarion	213,588	0	36,937	6	1,048	2,476	>1930s
	Claysville	59,243	0	1,149	1	342	491	>1983
	Kane - Kinzua	54,619	77,216	11,185	2	388	1,225	>1940
	Kane - Pine St	64,614	95,223	22,622	6	421	1,145	>1940
	Koppel	27,428	0	0	0	122	360	>1920s
	McKeesport	89,288	577,822	33,725	10	3,382	8,028	>1900
	Dravosburg	27,850	24,501	1,229	3	267	611	>1900
	Duquesne	36,520	149,109	0	0	1,077	1,854	>1900
Paint-Elk	93,318	0	21,511	6	445	436	>1960s	

a - The entire customer service lateral on a gravity collection system is deemed to be DSIC-eligible property.

Table 3: Types of Eligible Property for PAWC-WD’s Combined Sewer Systems

System	CSO Structures	Diversion Chambers	Inlets / Catch basins
Scranton	79	0	4,770
McKeesport	31	34	1,300
Dravosburg	0	1	194
Duquesne	3	4	636
Kane Kinzua	3	0	347
Kane-Pine St	1	0	313

Comments

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

Resolution

Upon review of PAWC-WD’s revised Second LTIP and supplemental information filed, the Commission finds that PAWC-WD’s revised 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

PAWC-WD’s Position

PAWC-WD states that it will utilize a risk-based condition assessment approach to schedule planned repairs and replacements of its eligible property. PAWC-WD maintains that it follows a condition-based risk assessment prioritization system developed by the National Association of Sewer Service Companies that can be applied to score and rank its projects in different wastewater systems against each other to ensure

cost-effective prioritization of capital investment. PAWC-WD maintains that its risk-based management approach allows for proactive planning. PAWC-WD states that its scoring system has flexibility by allowing adjustments in how each criterion is weighted, and it accounts for special circumstances which may be difficult to quantify. PAWC-WD affirms that this model will help them develop a schedule for planned rehabilitation and replacement of eligible property to maintain safe, reliable service to existing customers.

PAWC-WD states that it will perform a GIS analysis to assign a risk score to each likely project to accomplish this prioritization. PAWC-WD defines risk as: Risk = Likelihood of Failure x Consequence of Failure. PAWC-WD notes that the first step of the planning process is to conduct a macro-level overview of each wastewater system to help identify areas of concern which may contain properties in need of replacement. PAWC-WD states that its macro-level planning process helps identify groups of assets that are potential candidates and those groups of assets that are unlikely to need near-term replacement. PAWC-WD maintains that its macro-level planning allows resources required for micro-level planning to be more efficiently targeted to those areas most likely to contain aging infrastructure in need of rehabilitation or replacement.

PAWC-WD states that the next step in its planning process is to conduct a more detailed, micro-level planning analysis. PAWC-WD notes that it conducts a comprehensive sewer system evaluation which is its systematic approach to identify specific properties to be rehabilitated or replaced. PAWC-WD maintains that during the micro-level planning process, specific properties are identified as candidates for replacement or rehabilitation using a risk-based methodology based on a condition assessment and hydraulic capacity evaluation.

PAWC-WD states that its strategic improvements identified in the micro-level planning process can be grouped in the following five categories:

Manhole Replacement/Rehabilitation

PAWC-WD advises that work in this category may include frame and cover replacement, internal grouting, lining, or complete replacements. PAWC-WD notes that its manhole lining can be used for structural reinforcement, reduction of groundwater infiltration, or protection from corrosive gases. PAWC-WD maintains that various factors, such as location, structural integrity, and manhole depth determine whether replacement or rehabilitation is best.

Pipe Replacement/Rehabilitation

PAWC-WD advises that work in this category may consist of the following: complete replacements, partial replacements, or trenchless rehabilitation such as cured-in-place pipe lining (CIPP), slip lining, close-fit pipe lining (fold and form), other pipe coatings/lining systems, pipe bursting, and horizontal directional drilling using fused high-density polyethylene (HDPE) pipe or fused PVC pipe.

Service Lateral Replacement/Rehabilitation

PAWC-WD advises that work in this category may consist of replacing or rehabilitating gravity or low-pressure sewer laterals, including taps and cleanouts. PAWC-WD notes that a cured-in-place liner is a trenchless alternative that may be best for service laterals that are difficult to excavate. PAWC-WD states that depending on the condition and number of connections, its service lateral replacements may be combined with main line replacement/rehabilitations.

Lift Station Replacement/Rehabilitation

PAWC- WD states that its lift stations are evaluated on a case-by-case basis and notes that it uses a scoring system to help determine the need for replacement or rehabilitation. PAWC-WD adds that the necessary improvements can usually be completed by a full or partial rehabilitation, but that replacements may be the best option for older and outdated lift stations.

CSO Facility Replacement/Rehabilitation

PAWC- WD notes that its CSO facilities are evaluated on a case-by-case basis and that replacement or rehabilitation of these facilities may include features such as outfall structures, bar screens, piping, valves, or diversion chamber/flow weirs.

PAWC-WD notes that once specific properties are identified as needing replacement or rehabilitation, the final step in the micro-level planning process is prioritization. PAWC-WD states that it plans to apply a prioritization model to score capital improvement projects which will be funded through the wastewater DSIC program. PAWC-WD maintains that its prioritization model for wastewater collection mains will use pipe condition information to assess the system's ability to meet performance measures. PAWC-WD confirms that the list of identified projects will cover multiple wastewater systems and geographical areas across the Commonwealth.

Comments

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

Resolution

Upon review of PAWC-WD's revised Second LTIP and supplemental information filed, the Commission finds that PAWC-WD's revised 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

PAWC-WD's Position

PAWC-WD reports that it has eligible property located across the state in four regional locations. PAWC-WD notes that its regions consist of the Central Pennsylvania region, Northeastern Pennsylvania region, Southeastern Pennsylvania region, and Western Pennsylvania region. Table 4 below describes PAWC-WD's wastewater systems by region and county. PAWC-WD in its revised LTIP provides brief summaries of each wastewater system in their regions including the types of eligible property and strategies for accelerated rehabilitation and replacement in each system.

Table 4: PAWC-WD's Operational Regions

Central Pennsylvania Region	
System	County
Fairview North	York
Fairview South	York
Foster township	Luzerne
Franklin	Adams
McEwensville	Northumberland
New Cumberland	Cumberland
Turbotville	Northumberland
York	York
Northeastern Pennsylvania Region	
System	County
Blue Mountain Lake	Monroe
Lehman Pike	Monroe and Pike
Marcel Lake	Pike
Scranton (combined sewer system)	Lackawanna
Wild Acres	Pike
Southeastern Pennsylvania Region	
System	County
Coatesville	Chester
Exeter	Berks
Royersford	Montgomery
Upper Pottsgrove	Montgomery and Berks
Western Pennsylvania Region	
System	County
Butler	Butler
Clarion	Clarion
Claysville	Washington
Kane- Kinzua	McKean
Kane -Pine St	McKean
Koppel	Beaver
McKeesport (combined sewer system)	Allegheny
Dravosburg (combined sewer system)	Allegheny
Duquesne (combined sewer system)	Allegheny
Paint-Elk	Clarion

Comments

No comments were received regarding the location of eligible property.

Resolution

Upon review of PAWC-WD's revised Second LTIIP and supplemental information filed, the Commission finds that PAWC-WD's revised Second LTIIP 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

PAWC-WD's Position

PAWC-WD's actual and estimated quantities of property by year and category that are to be replaced or rehabilitated are listed in Table 5 below. PAWC-WD maintains that the best available information was used regarding the infrastructure needs for each wastewater system to compile these estimates.

Table 5: Actual and Projected Wastewater DSIC-Eligible Properties to Be Replaced/Rehabilitated 2018 through 2028

Year	Gravity Pipe (LF)	Manholes (each)	Service Laterals (each)	Lift Stations (each)
2018	19,078	36	267	0
2019	27,299	9	595	0
2020	43,292	392	595	0
2021	68,360	573	655	0
2022	64,650	798	470	1
2023	58,009	722	1,642	4
2024	83,375	278	834	1
2025	66,890	223	669	2
2026	76,668	256	767	4
2027	74,800	250	748	2
2028	87,847	346	932	2

Table 6 below describes PAWC-WD’s projected annual wastewater DSIC-eligible expenditures for 2024 through 2028.

Table 6: Projected Annual Wastewater DSIC-Eligible Expenditures 2024 through 2028

Year	Total Investment in Millions
2024	\$49.47
2025	\$38.48
2026	\$65.54
2027	\$53.75
2028	\$57.65

PAWC states that some quantities may change depending on the results of sewer system evaluation and engineering studies and that annual expenditures may be subject to

periodic fluctuation due to larger wastewater upgrades associated with regulatory compliance. PAWC avers that for all projects, the most prudent and cost-effective method will be selected. In addition, PAWC states that it uses competitive bidding to ensure all major capital projects are completed in a cost-effective manner.

Comments

The OCA in its comments suggested that PAWC-WD provide additional information to the Commission to ensure PAWC's LTIP accelerated infrastructure repair and replacement in a cost-effective manner and that PAWC-WD should provide additional information regarding historic spending data, rate of infrastructure replacement and projected spending. OCA Comments at 1 and 2. The OCA also noted that PAWC-WD should ensure that it continues to separately identify expenditures for combined and sanitary systems. OCA Comments at 3.

Resolution

In supplemental information filed with the Commission, PAWC-WD provided detailed tables of both historic (2019-2022) and projected (2023-2028) DSIC-eligible expenditures and property replaced/rehabilitated. Further, PAWC-WD also notes which of its systems in those tables are combined systems. Finally, PAWC-WD also confirms that the service laterals listed in Table 5, above, are not customer-owned service laterals.

Upon review of PAWC-WD's revised Second LTIP and supplemental information filed, the Commission finds that PAWC-WD's revised 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

PAWC-WD’s Position

PAWC-WD maintains that it has continuously invested in its wastewater infrastructure to maintain safe, reliable service to its customers. PAWC-WD notes that from 2019 to 2023 it spent an average of \$30.54 million annually on its wastewater DSIC-eligible infrastructure improvements. PAWC-WD proposes to increase non-regulatory wastewater DSIC-eligible spending from 2024 through 2028, to almost \$53 million annually to continue making necessary improvements. PAWC-WD notes that its non-regulatory wastewater DSIC-eligible investments are those that exclude regulatory-driven costs such as projects associated with a consent order agreement or a connection management plan. Table 7 below, provides PAWC-WD’s historical annual DSIC-eligible expenditures from 2019 to 2023.

Table 7: Historic Annual Wastewater DSIC-Eligible Expenditures in millions

Year	Annual DSIC-Eligible Expenditures
2019	\$32.58M
2020	\$27.65M
2021	\$25.59M
2022	\$26.20M
2023*	\$40.68M

* = Current Projection

Comments

The OCA in its comments noted that PAWC-WD should confirm that it has not shifted proportionally higher the projected LTIP expenditures or property to be

replaced/rehabilitated to those systems that were acquired under 66 Pa.C.S. § 1329. OCA Comments at 3.

Resolution

In supplemental information provided, PAWC-WD confirms that the proportion of DSIC-eligible expenditures for systems acquired under 66 Pa.C.S. § 1329 are not substantively higher than expenditures for other systems on a cost per linear footage of sewer basis. PAWC- WD therefore confirms that there was no need to shift expenditures for systems that were acquired under 66 Pa.C.S. § 1329.

Upon review of PAWC-WD's revised Second LTIIP and supplemental information filed, the Commission finds that PAWC-WD's revised Second LTIIP 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

PAWC-WD's Position

PAWC-WD states that to ensure its system reliability and public safety, all its wastewater DSIC-eligible projects will be constructed by qualified contractors or by its staff. PAWC-WD notes that for some of its wastewater systems, its staff completes investigative work, spot repairs and lift station repairs, which may be DSIC-eligible. PAWC-WD adds that it typically bundles DSIC-eligible projects together for competitive bidding to prequalified contractors in order to achieve economies of scale.

PAWC-WD maintains that it utilizes a pre-qualification process to ensure all its contractors are qualified to perform work in a cost-effective, safe, and reliable manner. PAWC-WD notes that it utilizes a third-party entity to monitor its contractor's safety performance. PAWC-WD states that its contractor prequalification process helps to certify and centralize contractor data, perform pre-project screening, and contractor pre-qualification. PAWC-WD notes that this allows it to manage their risk and contractors' performance more effectively.

PAWC-WD states that all its construction projects performed by independent contractors are thoroughly inspected. PAWC-WD notes that its employees are actively engaged in the direct supervision of project inspections. PAWC-WD maintains that its project close-out process includes a punch-list to ensure all work is completed according to contract documents.

PAWC-WD notes that during its pre-qualification screening process, contractors are required to submit pertinent documentation, such as:

- Safety items: including company policies, designated safety inspectors, Occupational Safety and Health Administration (OSHA) lost workdays and recordable incidents and OSHA violations;
- Worker's Compensation Experience Ratings;
- Staffing information;
- Annual value of work and percentage of work relevant to bid project;
- Work experience schedule;
- Bonding capacity;
- Liability Insurance coverage; and
- References.

Comments

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

Resolution

Upon review of PAWC-WD's revised Second LTIP and supplemental information filed, the Commission finds that PAWC-WD's revised 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 PAWC-WD 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

PAWC-WD's Position

PAWC-WD acknowledges that the acceleration of its aging infrastructure proposed in this LTIP will lead to travel disruptions as work is performed in the right-of-way (ROW) in roadways and streets across its service area. PAWC-WD notes that local municipalities and other utilities/agencies may be planning paving projects or underground infrastructure replacement projects located in the same ROW as its wastewater infrastructure. PAWC-WD notes that it recognizes that coordination with these other utilities minimizes disruptions and ensures that infrastructure replacement is efficient and cost effective.

PAWC-WD states that it plans to take the following steps to reach out to

customers about disturbances, and to coordinate with other utilities and PennDOT located within its service areas:

- Utilize Pennsylvania's one-call system for design notifications to coordinate design work with other utilities and municipalities and Coordinate PA to identify targeted areas of anticipated work planned over a two-year look ahead period.
- Maintain open communication with local municipalities to stay informed about planned utility and paving projects.
- Maintain communication with PennDOT Utility Administrators and review the letting schedule.
- Maintain communication/working relationships with other utilities operating in our service area.
- Where applicable and cost-effective, use trenchless technologies to minimize roadway disturbance.
- Prior to working within a community, issue door-to-door notifications, press releases, and/or information letters to notify those customers/community associations affected by the work.
- Utilization of PAWC-WD's CodeRED system, which delivers high-speed notifications to customers when water emergencies occur. Customers enrolling in CodeRED can be contacted quickly by text, email, telephone, and the CodeRED mobile app depending on their personal preferences. CodeRED rapidly contacts large numbers of customers about emergency situations, which include boil water advisories, main breaks, water conservation requirements and other major events impacting water service. The system will also be used for non-urgent notification, such as planned service outages, local hydrant flushing, low-pressure events, and major traffic impacts.
- Leverage areas where PAWC-WD owns both sewer and water lines to replace both simultaneously as appropriate.

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 of PAWC-WD's revised Second LTIP and supplemental information filed, the Commission finds that PAWC-WD's revised Second LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of PAWC-WD'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.

REVISED SECOND LTIP SUMMARY

The Commission's review of an LTIP must determine if the LTIP:⁴

- 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) (relating to LTIP).

⁴ See 52 Pa. Code § 121.4(e).

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.⁵

The Commission has reviewed PAWC-WD's Second LTIIIP as revised, and any resulting comments. The Commission finds that PAWC-WD has meet its burden of proof by demonstrating that its revised 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 safe, adequate, reliable, and reasonable service, and meets the requirements of 52 Pa. Code § 121.3(a). Accordingly, PAWC-WD's revised Second LTIIIP is approved.

The Commission finds PAWC-WD's Second LTIIIP, as revised, and manner in which it was filed conforms to the requirements of Act 11 and the Commission's regulations at Chapter 121 (relating to Long-Term Infrastructure Improvement Plan). The plan, as approved herein, is designed to maintain safe, adequate, reliable, and reasonable service and, as such, PAWC-WD shall be required to comply with the infrastructure replacement schedule and elements of that plan;

THEREFORE,

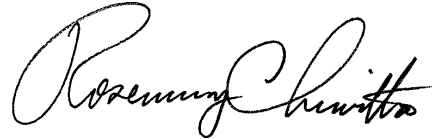
IT IS ORDERED:

1. That the Petition of Pennsylvania-American Water Company – Wastewater Division for Approval of its Second Long-Term Infrastructure Improvement Plan, is approved, consistent with this Order.

⁵ See 52 Pa. Code § 121.4(d).

2. That the proceeding at Docket No. P-2023-3038874 be closed.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: June 15, 2023

ORDER ENTERED: June 15, 2023