

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

Public Meeting held November 9, 2023

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

Petition of Borough of Ambler for Approval of its  
Long-Term Infrastructure Improvement Plan for its  
Water Operations

Docket Number:  
P-2023-3041666

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration is the Petition of the Borough of Ambler (Ambler) for approval of its Long-Term Infrastructure Improvement Plan (LTIIP) for its water operations. Ambler filed its LTIIP on July 10, 2023. Copies of the LTIIP were served on the statutory advocates and the parties of record from Ambler's most recent base rate case proceeding.<sup>1</sup>

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<sup>1</sup>See, Docket No. R-2022-3031704.

On August 24, 2023, via a Secretarial Letter, the Commission issued a data request to Ambler requesting additional information regarding repair and replacement of eligible property, location of eligible property and projected annual expenditures.

On September 8, 2023, Ambler 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 Ambler's 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 an LTIIP:<sup>2</sup>

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

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<sup>2</sup> See 52 Pa. Code § 121.3.

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

### **AMBLER'S LTIIP**

Ambler, Utility Code 220200, is a Pennsylvania municipal corporation providing water service to customers outside its municipal boundaries and is therefore a "public utility" within the meaning of Section 102 of the Public Utility Code, 66 Pa.C.S. § 102 (relating to definitions), subject to the regulatory jurisdiction of the Commission. Ambler's water distribution system is in Montgomery County and currently has 5,900 customer connections and serves a population of approximately 20,000 people within the Borough of Ambler, and the Townships of Lower Gwynedd, Upper Dublin, Whitemarsh, and Whitpain.

Ambler's service territory includes the Borough of Ambler, but its DSIC-eligible property is located outside the Borough of Ambler in the Townships of Lower Gwynedd, Upper Dublin, Whitemarsh, and Whitpain. Ambler's water distribution system is currently divided into three service areas, and is served by supply sources, storage facilities and booster pumping stations. For emergency purposes, Ambler also has

interconnections with the North Wales Water Authority and Aqua Pennsylvania, Inc. Table 1 below describes the outside Borough customer base by customer class.

**Table 1: Ambler Outside Borough Customers by Class**

<b>Outside Borough</b>		
<b>Customer Class</b>	<b>No. of Customers</b>	<b>% of Customers</b>
Residential	3,541	95.21%
Commercial	87	2.34%
Industrial	3	0.08%
Other	88	2.37%
Totals	3,719	100%

Ambler’s five-year, \$2.14 million-dollar, LTIP spans the years 2024 through 2028 and establishes how it plans to continue to accelerate its rate of infrastructure replacement. Ambler states that the goal of its DSIC program is to proactively address its aging infrastructure replacement needs and provide its customers with safe, reliable, and cost-effective water service.

Ambler, 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**

**Ambler’s Position**

Ambler’s LTIP provides substantial detail on the material composition and age of their pipes, mains, services, meters, valves, and hydrants. Ambler notes that it has developed and is updating a Geographic Information System (GIS) database as a spatial tracking system for its assets. Ambler states that its GIS data includes water assets such as mains, valves, hydrants, services, meters, supplies, pumping stations, and storage

facilities with critical information regarding the system attributed to the spatially located features.

Ambler avers that through its LTIP, it has committed to replacing an average of 1,600 linear feet (LF) of main and 12 valves per year. Ambler maintains that they will spend an average of \$12,000 to \$20,000 per year on hydrant replacements and an average of \$150,000 per year on meter replacements. Table 2 below shows information on Ambler's outside Borough distribution assets in length of main and by each individual unit (EA). Table 3 below details Ambler's projected outside Borough, DSIC-eligible Projected Capital improvements by cost or quantity on an annual basis. Ambler notes that its annual main replacement includes valves and service lines along the length of the main and that estimated annual valve replacement quantities include the valve replacements that occur during main replacements along the length of the main.

**Table 2: Outside Borough DSIC-Eligible Property Summary**

<b>Outside Ambler Borough</b>		
<b><u>Items</u></b>	<b><u>Quantity</u></b>	<b><u>Unit</u></b>
Mains	275,785	LF
Valves	762	EA
Hydrants	214	EA
Meters	3,644	EA

**Table 3: Outside Borough Projected Capital Improvements on an Annual Basis**

<b>Improvement</b>		<b>Average Annual Quantity or Cost</b>
1	Annual Main Replacement	~1,600 LF per year
2	Valves	~12 per year
3	Fire Hydrants	\$12,000 – \$20,000 per year
4	Meter Replacement Plan	\$150,000 per year

## **Comments**

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

## **Resolution**

Upon review of Ambler's LTIP and supplemental information filed, the Commission finds that Ambler's 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**

#### **Ambler's Position**

Ambler states it recognizes that to supply safe and reliable water service to its customers, continual maintenance of the distribution system is required. Ambler notes that in the past, it has prioritized infrastructure renewal with a focus on the replacement of old, undersized mains. Ambler's LTIP proposes distribution main improvements that include the accelerated replacement of the old undersized mains, those that will eliminate dead ends to improve system hydraulics, those that can be modified/replaced to improve water quality, and those that address pipes that exhibit frequent main breaks or excessive leakage.

In supplemental information filed with the Commission, Ambler confirms that the general goal of its LTIP is to reduce main breaks and reduce unaccounted-for water loss. Ambler notes that it will track its progress by continuing to track main break rates and the level of unaccounted-for water. Ambler maintains that its unaccounted-for water since

2019 has ranged from a high of 18% to a low of 13.3%. Table 4 below details Ambler's DSIC-Eligible Capital Improvement Plan and provides the amount of main in linear feet, valves, hydrants, and lateral connections to be replaced for each project in each year of Ambler's LTIP. Table 5 below provides the number of meters over 20 years old that are proposed to be replaced for the years 2024 through 2028.

**Table 4: Ambler Outside Borough DSIC-Eligible Capital Improvement Program**

<b>Main Replacement Projects By Location - Quantities of Laterals, Valves and Hydrants Replaced Per Year</b>					
<b>Asset Type</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Schiavone Drive - Upper Dublin Township</b>					
Linear Feet	745				
Service Laterals	9				
Valves	4				
Hydrants	1				
<b>Andross Avenue - Upper Dublin Township</b>					
Linear Feet		1,320			
Service Laterals		21			
Valves		7			
Hydrants		2			
<b>Ambler Road - Upper Dublin Township</b>					
Linear Feet			1,375		
Service Laterals			28		
Valves			16		
Hydrants			1		
<b>Church Street - Gwynedd Township</b>					
Linear Feet				1,550	
Service Laterals				25	
Valves				7	
Hydrants				2	
<b>Madison Avenue - Upper Dublin Township</b>					
Linear Feet					3,007
Service Laterals					72
Valves					24
Hydrants					5

**Table 5: Ambler Number of Outside Borough Meter Replacements**

<b>Number of Outside Borough Meter Replacements by Year - Based on Meters Over the Age of 20 Years</b>					
<b>Size of Meter</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
5/8"	277	312	424	364	270
1"	20	14	15	10	12
>1"	3	3	3	6	3
<b>Total</b>	<b>300</b>	<b>329</b>	<b>442</b>	<b>380</b>	<b>285</b>

**Comments**

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

**Resolution**

Upon review of Ambler’s LTIP and supplemental information filed, the Commission finds that Ambler’s 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**

**Ambler’s Position**

Ambler’s entire water distribution system is in Montgomery County. However, its DSIC-eligible property is located outside of Ambler Borough and consists of Lower Gwynedd Township, Upper Dublin Township, Whitmarsh Township, and Whitpain Township. Ambler maintains that none of its projects resulted from an apportionment of the cost of upgrades and replacement to facilities located within the Borough of Ambler to Commission-jurisdictional customers located outside the Borough of Ambler. Ambler

sustains that DSIC-eligible property in its system includes its finished water distribution pipelines and facilities that include its distribution water mains and valves, hydrants, company owned service lines and water meters. Specific locations of Ambler's eligible property to be improved, repaired, and replaced can be found in Table 4, above.

### **Comments**

No comments were received regarding the location of eligible property.

### **Resolution**

Upon review of Ambler's LTIP and supplemental information filed, the Commission finds that Ambler's 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**

### **Ambler's Position**

Ambler states that its quantity of eligible property to be improved has been estimated based on its projected annual revenues and availability of funds, with allowances for emergencies and other infrastructure improvement projects such as supply, treatment, pumping and storage facilities. Ambler notes that pipeline replacement work that it can reasonably address is based on length of pipe, whereas other assets are based on annual budgeted dollar amounts. Ambler avers that its actual

quantities and scheduling may change depending on numerous factors, but it will always be guided by customer service needs for safe, reliable, high-quality water.

Ambler notes that its outside-Borough projected annual expenditures are budget estimates that may vary depending on contractor bid prices and construction activity. Ambler’s DSIC-eligible historical and projected annual expenditures from 2019 through 2028 are presented in Table 6 below.

**Table 6: Outside Borough Historical and Projected DSIC-Eligible Expenditures by Year**

Account Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Distribution Reservoirs and Standpipes	\$0.00	\$14,497.00	\$64,260.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transmission Mains	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Distribution Mains	\$237,038.22	\$102,193.63	\$535,737.52	\$225,338.81	\$138,512.94	\$202,880.00	\$215,560.00	\$215,560.00	\$278,960.00	\$291,640.00
Services	\$6,825.87	\$4,961.22	\$3,868.42	\$15,473.68	\$20,657.89	\$49,600.00	\$52,700.00	\$52,700.00	\$68,200.00	\$71,300.00
Meters	\$19,663.32	\$64,609.64	\$47,993.18	\$92,879.37	\$357,843.00	\$101,241.00	\$109,531.00	\$145,856.00	\$127,132.00	\$95,121.00
Hydrants	\$5,943.90	\$0.00	\$2,496.73	\$0.00	\$29,927.32	\$11,520.00	\$12,240.00	\$12,240.00	\$15,840.00	\$16,560.00
<b>Totals</b>	<b>\$269,471.31</b>	<b>\$186,261.49</b>	<b>\$654,356.04</b>	<b>\$333,691.86</b>	<b>\$546,941.15</b>	<b>\$365,241.00</b>	<b>\$390,031.00</b>	<b>\$426,356.00</b>	<b>\$490,132.00</b>	<b>\$474,621.00</b>

Ambler states that it pursues cost-effective construction practices to ensure that resources are appropriately reinvested to maintain a system which provides safe, reliable, high-quality water to its customers. Ambler states that its measures to ensure cost-effectiveness include competitive bidding to obtain the best possible price for each project. Ambler affirms that it supplies piping and necessary fittings and appurtenances, when appropriate, eliminating third-party markup. Ambler notes that it also performs inspections during construction, to verify the quality of work.

In supplemental information filed with the Commission, Ambler states that it intends to finance its projects through its capital budget in the initial years with a greater

reliance on bond issuances and future rate increases in the later years. Ambler notes that it publicly bids on all construction contracts, including capital improvement contracts, to comply with its statutory requirement under the Borough Code to select the lowest qualified and responsible bidder. Ambler maintains that through the public bidding process, it reduces both labor and materials costs for its customers.

## **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 Ambler's LTIP and supplemental information filed, the Commission finds that Ambler's 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.

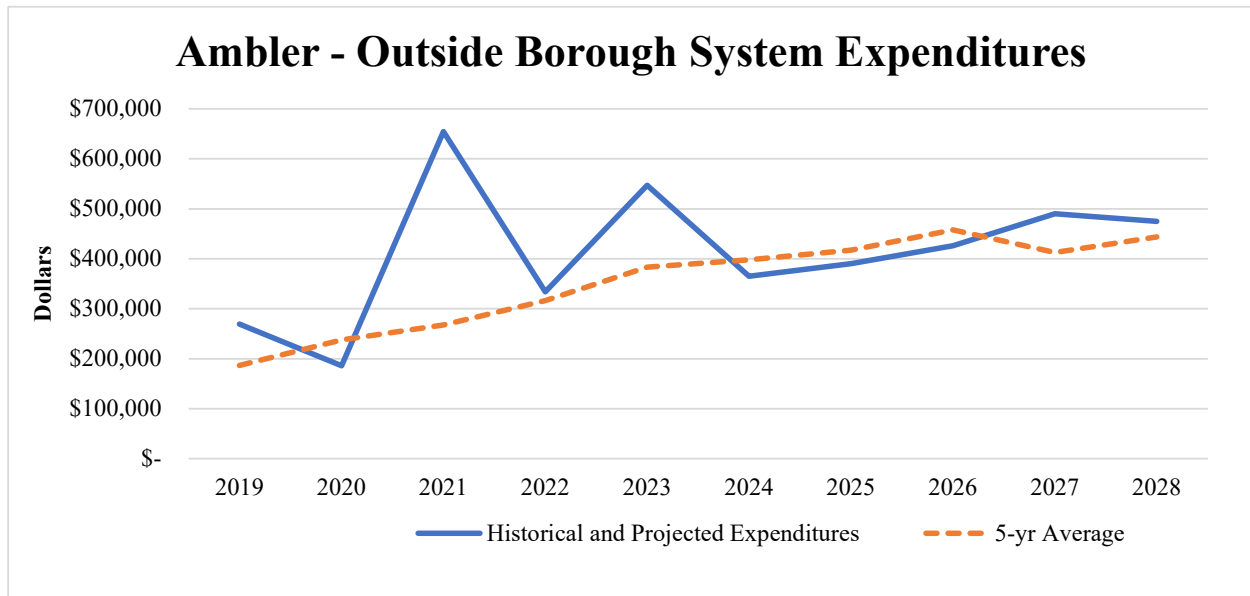
**(6) ACCELERATED REPLACEMENT AND MAINTAINING ADEQUATE, EFFICIENT, SAFE, RELIABLE AND REASONABLE SERVICE TO CUSTOMERS**

## **Ambler's Position**

Ambler maintains that it has invested in its water distribution system to maintain safe, reliable, and high-quality water service for their customers. Ambler states that through its LTIP, it will advance its overall maintenance and improvement plan. Ambler notes that its rolling five-year average shows that while expenditures may rise or fall in

an individual year, their overall expenditures have been accelerating since 2019 and will continue to do so through 2028. Ambler asserts that the repairs/replacements in its LTIP will increase the safety and reliability of its distribution system as cast iron and asbestos cement pipes are more susceptible to breaks, leaks, corrosion, etc. Figure 1 below depicts the acceleration of Ambler’s DSIC-eligible expenditures.

**Figure 1: Ambler Outside Borough System Expenditures**



In supplemental information filed with the Commission, Ambler acknowledges that its historical annual capital spending plan has been insufficient. Ambler notes however, that its historical capital spending included unplanned emergency capital spending in 2021, which was the result from multiple main breaks in the system. Ambler maintains that excluding this outlier year shows that its average annual capital spending projection for the five-year LTIP (approximately \$429,000) consistently exceeds the average annual capital spending for the prior years 2019 through 2020, and 2022 through 2023 (annual average of approximately \$334,000). Ambler asserts that, accordingly, its LTIP reflects an acceleration of its planned capital spending. Ambler avers that by

reducing main breaks and lowering unaccounted-for water, this LTIP will help it improve system resiliency, reliability, and safety.

## **Comments**

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

## **Resolution**

In order to ensure that the Commission and other interested parties can track Ambler's progress with unaccounted-for water and main breaks, we will direct Ambler to include a report that details its updated unaccounted-for water and main break occurrence rates in every Annual Asset Optimization Plan (AAOP) filed with the Commission, beginning with Ambler's AAOP filed in March 2025.<sup>3</sup>

Upon review of Ambler's LTIP and supplemental information filed, the Commission finds that Ambler's 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**

### **Ambler's Position**

Ambler maintains that it uses competitive bidding, experienced and qualified

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<sup>3</sup> See, Ordering Paragraph 2.

inspection staff, and a professional and capable engineering consultant in connection with implementation of its infrastructure improvement projects. Ambler notes that it is familiar with the contractors in the area and evaluates bids on more than just a cost basis. Ambler states that it assesses the contractor's qualifications, capabilities, workload, and history on its projects when making recommendations to Borough Council for selecting a contractor.

Ambler states that its consultants inspect the work contractors perform to insure it is completed in accordance with design plans and specifications, Commission requirements, regulatory agency permits, and accepted practice. Ambler notes that it also performs required flushing in-house and requires contractors to complete coliform bacteria testing in accordance with regulatory requirements and American Water Works Association standards with qualified personnel before transferring service to a new main.

Ambler avers that it provides for its staff's continual learning and training by holding a weekly safety meeting and by having its staff participate in continuing education units (CEU) courses to maintain their professional waterworks operator licenses and by reviewing and taking safety training courses such as confined space entry, construction site safety, hazardous materials, trenching and excavating, etc.

## **Comments**

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

## **Resolution**

Upon review of the Ambler's LTIP and supplemental information filed, the Commission finds that Ambler's 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 Ambler 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**

### **Ambler's Position**

Ambler states that during its planning and design phases, it works with other utilities to prevent conflicts with underground utilities. Ambler notes that this requires the use of Pennsylvania's One-Call system for design notifications to mark buried utilities. Ambler maintains that when utilities appear to be in conflict or are near proposed work, it coordinates with the necessary utility to ensure existing utilities are not impacted or disturbed.

Ambler avers that maintaining communication among stakeholders is important for them to stay informed about planned utility and paving projects. Ambler notes that it will adjust water main replacement schedules as appropriate to minimize street restoration costs. Ambler acknowledges that coordination with utilities, municipalities, PennDOT, and other governmental agencies may require alteration of its construction timelines.

Ambler states that it recognizes that the replacement of aging infrastructure disrupts rights-of-way and streets within its service area. Ambler therefore maintains that providing a traffic control plan to reroute traffic is important to maintain traffic flow during construction and notes that minimizing disruptions increases efficiency and cost effectiveness while decreasing the number of resident complaints. Ambler states that

residents are notified of proposed construction with information letters and electronic communication methods outlining the proposed work.

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

### **LTIP SUMMARY**

Commission review of an LTIP must determine if the LTIP:<sup>4</sup>

- 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).

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<sup>4</sup> 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.<sup>5</sup>

The Commission has reviewed Ambler's LTIIIP and any resulting comments. The Commission finds that Ambler has meet its burden of proof by demonstrating that its 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, Ambler's LTIIIP is approved.

The Commission finds Ambler's LTIIIP 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, Ambler shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition of Borough of Ambler for Approval of its Long-Term Infrastructure Improvement Plan for its water operations is approved, consistent with this Order.
2. That Borough of Ambler shall include a report that details its updated unaccounted-for water and main break occurrence rates in every Annual Asset

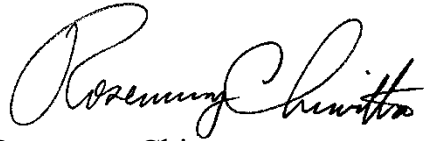
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<sup>5</sup> See, 52 Pa. Code § 121.4(d).

Optimization Plan filed with the Commission, beginning with Borough of Ambler's Annual Asset Optimization Plan filed in March 2025.

3. That the proceeding at Docket No. P-2023-3041666 be closed.

**BY THE COMMISSION,**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: November 9, 2023

ORDER ENTERED: November 9, 2023