



**Teresa K. Harrold**  
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VIA eFiling

April 24, 2024

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

**Re: Pennsylvania-American Water Company  
2023 Water Annual Asset Optimization Plan  
Docket No. M-2024-3047018**

Dear Secretary Chiavetta:

On April 12, 2024, Pennsylvania-American Water Company received Data Request Set 2 from the Bureau of Technical Utility Services for the above-referenced 2023 Water Annual Asset Optimization Plan.

Attached are the Company's responses to the data request. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Harrold", with a stylized flourish at the end.

Teresa K. Harrold

Enclosures

cc: Certificate of Service  
Ken Shaffer, Bureau of Technical Utility Services VIA E-Mail at [kennshaffe@pa.gov](mailto:kennshaffe@pa.gov)

Pennsylvania-American Water Company’s Responses to the  
Bureau of Technical Utility Services Data Request Set 2

Docket No. M-2024-3047018

2023 Annual Water Asset Optimization Plan

TUS-2-M-1. Reference Pennsylvania-American Water Company’s (PAWC) 2023 AAOP

- a. In the instant AAOP filing, PAWC reported actual expenditures of \$307.57 million in 2023, as compared to the projection of \$187.85 million in PAWC’s Long-Term Infrastructure Improvement Plan (LTIIIP). This is an approximate 64% increase in spending. PAWC’s AAOP projects \$270.53 million in expenditures in 2024, as compared its LTIIIP projection of \$181.87 million. This is an approximate 49% increase in spending. PAWC’s actual LTIIIP expenditures in 2022 and 2023 when combined with its projected expenditures for 2024 represent 87%, or \$810.74 million, of the total projected LTIIIP spending of \$936.32.<sup>1</sup> Factoring in PAWC’s 2025 and 2026 forecasted spending for the remainder of its LTIIIP, PAWC could spend a total of approximately \$1.2 billion, which represents a 26% overspend. Please state if PAWC plans to decrease its expenditures for the remaining two years of the LTIIIP, or if PAWC will be filing a petition for modification of its LTIIIP in order to incorporate the significant increase in projected spending.<sup>2</sup>

Response:

- a. PAWC plans to maintain a DSIC spend profile in 2025 and 2026 that is flat in comparison to 2024 with spending 35% above the current LTIIIP projections. As discussed on page 6 of the AAOP, there are several reasons for maintaining this increased level of spending. The first is that expenses have increased due to inflation, supply chain disruptions, and restoration requirements. As an example of this increase, Table TUS-2-M-1.a below shows the annual percent increase in ductile iron pipe price between 2020 and 2024. The historic annual increase of approximately 4.5% jumped and led to an increase of approximately 80% over the last 3 years. Another factor is that PAWC increased the level of investment to benefit the long-term health of the distribution networks. A Nessie Curve is presented in figures 9 and 10 of the approved LTIIIP and demonstrates the need to increase replacement rates up to 140 miles per year by 2026 or approximately 1.4%. This increased investment allowed PAWC to average close to a 1% replacement rate over 2023 and 2024. PAWC plans to maintain this replacement rate throughout the remainder of the LTIIIP period. With regard to a modified LTIIIP filing, please see PAWC’s response in b. below.

**Table TUS-2-M-1.a – Annual increases in DI pipe costs**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Percent Increase over Previous Year	5%	3.86%	20-25%	50%	6%

Pennsylvania-American Water Company's Responses to the  
Bureau of Technical Utility Services Data Request Set 2

Docket No. M-2024-3047018

2023 Annual Water Asset Optimization Plan

- b. If PAWC plans to file a petition for modification to its LTIP, state the expected date the petition will be filed.

Response:

- b. PAWC plans to submit a petition for modification of its LTIP no later than July 22, 2024, to include a LSLR plan in compliance with Title 52 Pa. Code § 65.56. As a part of this modification PAWC intends to revise its annual DSIC expenditure projections to reflect the increase in projected spending.

Name: Christopher A. Graf  
Title: Engineering Manager, Planning  
Pennsylvania-American Water Company

<sup>1</sup> See, *Petition of Pennsylvania American Water Company for Approval of its Second Long-Term Infrastructure Improvement Plan*, Order entered December 16, 2021, at Docket No. P-2021-3028300.

<sup>2</sup> See, 52 Pa. Code § 121.5(a).

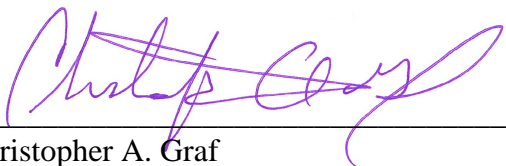
Pennsylvania-American Water Company's Responses to the  
Bureau of Technical Utility Services Data Request Set 1

Docket No. M-2024-3047018  
2023 Annual Water Asset Optimization Plan

VERIFICATION

I, CHRISTOPHER A. GRAF, hereby state that the facts set forth in Pennsylvania-American Water Company's Responses, and accompany exhibits, if any, to the Bureau of Technical Utility Services, Set 2, dated April 12, 2024, are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: April 24, 2024

  
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Christopher A. Graf  
Engineering Manager, Planning  
Pennsylvania-American Water Company

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania-American Water Company – :  
2023 Water Annual Asset Optimization : Docket No. M-2024-3047018  
Plan :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of **Pennsylvania-American Water Company's Responses to the Bureau of Technical Utility Services Data Request Set 2**, upon the parties listed below, in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA Electronic Delivery**

Allison Kaster  
Director and Chief Prosecutor  
PA Public Utility Commission  
Bureau of Investigation and Enforcement  
400 North Street, 2<sup>nd</sup> Floor West  
Harrisburg, PA 17120  
[akaster@pa.gov](mailto:akaster@pa.gov)

Patrick Cicero  
Consumer Advocate  
Pennsylvania Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
[ra-oca@paoca.org](mailto:ra-oca@paoca.org)

NazAarah Sabree  
Small Business Advocate  
PA Office of Small Business Advocate  
Forum Place  
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[ra-sba@pa.gov](mailto:ra-sba@pa.gov)

Date: April 24, 2024



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