



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE
REFER TO OUR FILE

August 23, 2024

Docket No. P-2024-3050263

Utility Code 212285

ERIN K FURE ESQUIRE
PENNSYLVANIA-AMERICAN WATER COMPANY
852 WESLEY DRIVE
MECHANICSBURG PA 17055
ERIN.FURE@AMWATER.COM

RE: Petition of Pennsylvania-American Water Company for Approval of its Lead Service Line Replacement Program, related Tariff Changes, and Modification of its Long-Term Infrastructure Improvement Plan at Docket No. P-2024-3050263

Dear Attorney Fure:

On July 22, 2024, Pennsylvania-American Water Company (PAWC) filed the above-captioned document (Petition) with the Pennsylvania Public Utility Commission (Commission). For the Commission to complete its analysis of the filing, please respond with the information requested in the attached document.

Please forward the information to the Secretary of the Commission at the address listed below **within ten (10) business days** from the date of this letter. All documents requiring notary stamps must have original signatures. The Commission strongly encourages submission through efilings with the Secretary of the Commission by opening an efilings account through the Commission website and accepting eservice at <https://efiling.puc.pa.gov>. The Commission is accepting all public documents through our efilings system at this time.

If your filing contains confidential material, you are required to either file by overnight delivery or submit to the Secretary's Share Point File system to ensure the timely filing of your submission. Filers should contact the Secretary's Bureau in advance to gain access to the Share Point File system. Make sure to reference the Docket Number listed above when filing your response. The overnight address for hard-copy or confidential responses is:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Please note your answers must be verified per 52 Pa. Code § 1.36. Accordingly, you must provide the following statement with your responses:

I, [print name of appropriate company representative], hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Signature _____

Title _____

Date _____

Please contact the below staff person if any problems should arise that prevent a full response within ten business days or if any clarification of these data requests is needed. Please mark the materials “CONFIDENTIAL” in bold or highlighted manner if any of the requested information is deemed to be of a confidential nature.

In addition, to expedite completion of the review, please send a copy of the response to Matthew T. Lamb, P.E. in the Water/Wastewater Section of the Bureau of Technical Utility Services via e-mail at mlamb@pa.gov. Please also direct any questions to Matthew Lamb at telephone number (717) 783-1001. Thank you in advance for your cooperation.

Sincerely,



Rosemary Chiavetta
Secretary

Enclosure: TUS Data Request Set 1

cc: Patrick Cicero, Office of Consumer Advocate (w/enclosure), ra-oca@paoca.org
Christine Hoover, Office of Consumer Advocate (w/enclosure), choover@paoca.org
NazAarah Sabree, Office of Small Business Advocate (w/enclosure), ra-sba@pa.gov
Steven C. Gray, Office of Small Business Advocate (w/enclosure), sgray@pa.gov
Allison Kaster, Bureau of Investigation & Enforcement (w/enclosure), akaster@pa.gov

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Note: Please restate the data request prior to providing a response. In addition, provide the name and title of the person(s) providing the response and/or information for each data request.

- P-1. Pennsylvania-American Water Company's (PAWC's) Petition for a Lead Service Line Replacement Program (LSLR Program) included a copy of its Lead Service Line Replacement Plan (LSLR Plan) as the LSLR Program's Exhibit A. In the LSLR Plan's Section IV., Service Line Inventory, Assumptions in the Service Line Inventory, PAWC indicated that if the company-side of a line is lead, it is more likely than not that the customer-side of a line is or was lead or galvanized. Additionally, PAWC will assume that galvanized lines are downstream of lead lines. Please provide responses to the following:
- a. Clarify how this assumption will be implemented by PAWC as part of its service line inventory process (i.e., all customer-side service lines will be listed with a material type of lead automatically if a company-side service line is determined to be lead);
 - b. Clarify whether PAWC's assumption that all galvanized lines are downstream of lead lines means that it is PAWC's intent to list all galvanized service line regardless of whether it is the company-owned or customer-owned portion as "Galvanized Requiring Replacement" in its service line inventory; and
 - c. Explain whether PAWC will complete an independent verification method of the customer-side service lines that are connected with a company-side lead service line.
- P-2. In LSLR Plan's Section IV. Service Line Inventory, PAWC indicated that once enough information is obtained through reviewing existing records, mechanical excavation, and visual inspection, PAWC will be utilizing statistical analysis to confirm known material and identify unknown material. Please provide response to the following:
- a. Define the term "statistical analysis", explain how this method will be utilized to confirm known material and identify unknown material, and provide the timeframe PAWC will start employing this aspect of service line identification;
 - b. Explain how the use of statistical analysis differs or is similar to the implementation of a machine-learning predictive model;
 - c. Provide evidence that the Pennsylvania Department of Environmental Protection (DEP) has accepted PAWC's statistical analysis method for use in inventorying service lines.

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- P-3. The LSLR Plan's Appendix 1 included a copy of PAWC's current service line inventory (SLI). Please provide responses to the following:
- a. Provide a summary of PAWC's SLI into the categories defined by EPA Regulations as "Lead", "Galvanized Requiring Replacement (GRR)", "Non-lead", or "Lead Status Unknown" for company-owned and customer-owned service lines;
 - b. Provide an estimate of the number of company-owned and customer-owned service lines that PAWC plans to have inventoried on annual basis to determine the material type of the unknown material service lines along with a target date for completion;
 - c. Quantify the projected annual expenditure to complete the SLI; and
 - d. Submit a copy of PAWC's SLI in a live electronic spreadsheet form.
- P-4. The LSLR Plan's Section V. Planning and Replacements, Processes and Procedures based on Acceptance of an LSLR, indicated that if PAWC is unable to make contact with the customers or property-owner, PAWC will replace the company-owned lead service line (LSL) and install a dielectric coupling to immediately address the emergency situation. This provision appears to allow for a partial LSLR if the customer-owned service line is an LSL. Pursuant to 52 Pa. Code § 65.62, the Commission notes that any repair of a known or discovered LSL would be considered a partial LSLR and is strictly prohibited regardless. Correspondingly, the Commission also notes that a water main replacement or repair, regardless of whether the main replacement activities were planned or an emergency, that reveals a LSL would require a complete LSLR prior to the service line being placed back into service as the reconnection of a LSL to a new main segment or a new Company-owned service line would be considered a partial LSLR. Please provide responses to the following:
- a. Indicate whether PAWC has been completing the replacement of company-owned LSLs during the course of main replacements and installing dielectric couplings on customer-owned LSLs since July 23, 2022 (Effective Date), the effective date of Commission regulations as defined in Title 52, Chapter 65, Subchapter B – Lead Service Line Replacements. If so, provide the number of PAWC customers that have received a partial LSL since the Effective Date in contravention of 52 Pa. Code § 65.62(b).
 - b. Clarify whether PAWC will maintain the proper equipment and tools necessary for its staff, or if it intends to maintain third party, to complete emergency LSLRs; and
 - c. Submit a revised LSLR Plan that includes PAWC's processes and procedures to address emergency repairs or replacements which reveal LSLs that eliminates any partial LSLRs and that fully describes PAWC's procedures to fulfill its duty to communicate to customers and/or property owners that failure to allow PAWC to

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complete the LSLR or to replace the customer-owned LSL concurrent with PAWC replacing the main or company-owned service line will lead to termination of water service.

- P-5. The LSLR Program’s Exhibit B included a copy of PAWC’s *pro forma* tariff supplement to Tariff Water-PA P.U.C. No. 5 (Pro Forma Tariff). Please provide responses to the following:
- a. Define the terms “Lead Service Pipe project, Lead Service Pipe project area and Step-In Rights”; and
 - b. Provide a revised Pro Forma Tariff that includes the definitions of the terms noted in Data Request P-5 a.
- P-6. The LSLR Plan does not provide a description and process for how Lead Service Pipe project areas will be established, communicated to ratepayers and periodically updated. The Pro Forma Tariff’s Section 4.9.1.5 indicated that a Lead Service Pipe project will commence on the date the Company begins physical main replacement work in the project area that includes the Customer’s site or when the Company deploys a contractor crew to the geographic area of service replacement projects to perform grouped work activity, whichever is sooner. The Commission notes it has previously indicated that an LSLR program will require that Class A public utilities and authorities undertake LSLR efforts separate from those performed in conjunction with its scheduled main replacement projects to ensure the balanced, yet expeditious removal of LSLs from the public water distribution system.¹ Please provide a revised LSLR Plan that includes PAWC’s description and process for implementing Lead Service Pipe projects separate from its main replacement work.
- P-7. The LSLR Plan does not appear to clarify that PAWC shall make reasonable best efforts to assist a customer/owner, through the reimbursement process and, to the extent possible, make determinations in favor of the customer/owner where the customer or property owner has provided reasonable evidence of a LSLR to the entity. Please provide a revised LSLR Plan that clarifies that PAWC will assist its customers through the reimbursement process.
- P-8. In Section 4.9.1.1 of the Pro Forma Tariff, PAWC stated “[T]he Company will replace a Lead Service Pipe at a Customer’s request subject to the following conditions: (1) verification that the Customer has a Lead Service Pipe; (2) the time when the replacement occurs will be determined by the Company based on factors determined by the Company including, without limitation, the number of customer requests for Lead Service Pipe replacements in Company designated geographic areas; (3) the annual cap of 3,200 Lead Service Pipe replacements; and (4) availability of funds [language deleted] under the

¹ See, *Notice of Proposed Rulemaking Order*, Order entered September 17, 2020, at Docket No L-2020-3019521.

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Company's budgeted allotment of \$35.0 million per year. [...]". However, in Section 4.9.1.6 of the Pro Forma Tariff, PAWC conversely stated "Where a Customer or property owner elects to replace the Lead Service Pipe, the Customer or property owner shall replace the Lead Service Pipe concurrent with the Company replacing the lead Service Line, subject to the Customer or property owner providing the Company at least 90 days' notice prior to replacing the Lead Service Pipe." Sections 4.9.1.1 and 4.9.1.6 of the Pro Forma appear to establish conflicting terms for a customer electing to replace a customer-owned lead service line (LSL). Pursuant to 52 Pa. Code § 65.58(c)(2)(i), for a Class A public utility or an authority, the customer or property owner, if the customer is not the property owner, shall provide the public utility or authority at least 90 days' notice prior to replacing the customer-owned LSL. The Commission notes there are to be no additional conditions required for a customer with a verified LSL electing to replace the customer-owned LSL concurrent with the entity replacing the entity-owned LSL other than providing the entity with at least 90 days' notice prior to replacing the customer-owned LSL. Please provide a revised Pro Forma Tariff that complies with 52 Pa. Code § 65.58(c)(2).

- P-9. In Section 4.9.1.1 of the Pro Forma Tariff, PAWC indicated that costs PAWC incurs to replace Lead Service Pipes under the LSLR Plan shall be subject to the accounting and rate treatment approved by the Order of the Pennsylvania Public Utility Commission (Commission) entered October 3, 2019 and Settlement at Docket No. P-2017-2606100 (Approval Order). However, Commission consideration of PAWC's proposed LSLR Program at Docket No. P-2024-3050263 will supersede the accounting and rate treatment approved in Docket No. P-2017-2606100. Specifically, pursuant to 52 Pa. Code § 65.60(a), an entity shall record LSLR costs in compliance with the National Association of Regulatory Utility Commissioners uniform system of accounts applicable to the entity. Please provide a revised Pro Forma Tariff that complies with Commission regulations.
- P-10. In Section 4.9.1.2 of the Pro Forma Tariff, PAWC indicated that the start date of the two-year warranty shall be when the Lead Service Pipe replacement is installed. The term of the start date for the 2-year warranty being defined "is installed" does not provide clear specificity (e.g., when the Lead Service Pipe is placed into service and turned over to the customer at LSLR project completion). Pursuant to 52 Pa. Code § 65.56(b)(6)(iv), the LSLR Plan's planning and replacements section must include the entity's process for addressing LSLR completion or closeout, or both, with the customer and property owner, if the customer is not the property owner. Please provide a revised LSLR Plan and Pro Forma Tariff that clearly defines the start date for the 2-year warranty period as part of PAWC's LSLR completion or closeout.
- P-11. In Section 4.9.1.5 of the Pro Forma Tariff, PAWC stated "If the Company, at the request of a Customer or property-owner (as applicable), visits a Customer's site and determines that the Service Pipe has been replaced at or within one-year of the date the Company commenced a project to replace Lead Service Pipes and the Customer or property-owner (as applicable) provides the Company with (1) a detailed estimate or a verified statement

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from a licensed contractor attesting to the completion of the Lead Service Pipe Replacement and (2) a paid invoice [language deleted] a certification from a certified plumber, and other documentation determined by the Company to be appropriate to verify the replacement, the Company will reimburse the Customer's or property-owner's (as applicable) reasonable costs up to an amount not to exceed 125% of the average costs the Company would have incurred to perform the replacement of a similarly-sized Service Pipe in the project area, not to exceed actual cost. [...]". Pursuant to 52 Pa. Code § 65.58(d)(1)(iii)(B), a customer or property owner, if the customer is not the property owner, shall submit to the entity a detailed estimate and paid invoice from a licensed contractor where applicable, verifying the replacement of the customer-owned LSL. Instead of a detailed estimate, a verified statement from the contractor attesting to completion of a LSLR may be sufficient. The requirement that the customer provide other documentation determined by PAWC to be appropriate to verify the replacement does not comport with 52 Pa. Code § 65.58(d)(1)(iii)(B). Please provide a revised Pro Forma Tariff that complies with 52 Pa. Code § 65.58(d)(1)(iii)(B).