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VIA eFiling

March 31, 2025

Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Petition of Pennsylvania-American Water Company for Approval of a Lead Service Line Replacement Program, related Tariff Changes, and Modification of Long-Term Infrastructure Improvement Plan

Docket No. P-2024-3050263

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Joint Petition for Approval of Settlement of All Issues in this proceeding. Copies are being served in accordance with the enclosed Certificate of Service.

Thank you for your attention to this matter. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "EK Fure".

Erin K. Fure

Enclosures

cc: Honorable Charece Z. Collins, Administrative Law Judge w/Enclosures
All Parties on the attached Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE ADMINISTRATIVE LAW JUDGE
CHARECE Z. COLLINS**

PETITION OF PENNSYLVANIA-	:	
AMERICAN WATER COMPANY	:	
FOR APPROVAL OF A LEAD	:	
SERVICE LINE REPLACEMENT	:	
PROGRAM, RELATED TARIFF	:	DOCKET NO.: P-2024-3050263
CHANGES, AND MODIFICATION OF	:	
LONG-TERM INFRASTRUCTURE	:	
IMPROVEMENT PLAN	:	

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES**

Pennsylvania-American Water Company (“PAWC” or “Company”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (singularly, a “Petitioner” and, collectively, the “Joint Petitioners”) hereby join in this “Joint Petition for Approval of Settlement of All Issues” (“Settlement”) and respectfully request that the Honorable Administrative Law Judge (“ALJ”) Charece Z. Collins recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, this Settlement without modification.

In support of the Settlement, the Joint Petitioners state the following:

I. PROCEDURAL HISTORY

1. On July 22, 2024 PAWC filed a Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan (“LSLRP Petition”).

2. On August 6, 2024, Steven C. Gray, Esquire on behalf of the OSBA filed a Notice of Appearance, Notice of Intervention, Public Statement and Verification in this proceeding.

3. On August 21, 2024, Harrison W. Breitman, Esquire and Melanie J. El Atieh, Esquire on behalf of the OCA filed a Notice of Intervention and Public Statement in this proceeding.

4. On August 23, 2024, the Bureau of Technical Utility Services (“TUS”) issued Data Request Set 1 (“TUS Set 1”) to the Company. On September 4, 2024, PAWC filed a letter requesting an extension to respond to TUS Set 1. By Secretarial Letter dated September 6, 2024, the Company was granted an extension to respond to TUS Set 1.

5. On September 13, 2024, the Company provided responses to TUS Set 1. As part of the Company’s responses to TUS Set 1, the Company included a revised LSLR Plan as well as a revised *pro forma* tariff.

6. On September 25, 2024, the OCA filed an Amended Notice of Intervention and Public Statement in which it requested that the matter be transferred to the Office of Administrative Law Judge.

7. On October 3, 2024, a Call-In Telephonic Prehearing Conference Notice was issued scheduling a prehearing conference for October 15, 2024 at 1 p.m. before ALJ Arlene Ashton.

8. On October 3, 2024, ALJ Ashton issued a Prehearing Conference Order.

9. On October 15, 2024, the Prehearing Conference was held, at which time ALJ Ashton approved the request of PAWC, OCA, and OSBA to delay the establishment of a litigation schedule to allow them to pursue settlement discussions and negotiations.

10. On October 17, 2024, ALJ Ashton issued Prehearing Order #2 which, *inter alia*, directed PAWC, OCA and OSBA to deliver a status report on the progress of their settlement discussions on November 18, 2024.

11. On November 14, 2024, a Call-In Telephone Prehearing Conference Notice was issued scheduling a prehearing conference for December 17, 2024 at 10 a.m. before ALJ Ashton.

12. On November 18, 2024, PAWC, OCA, and OSBA filed their First Status Report on the progress of their settlement discussions.

13. On December 17, 2024, the Prehearing Conference was held, at which time the Joint Petitioners requested to further delay the establishment of a litigation schedule and to continue settlement discussions for an additional sixty days. ALJ Ashton orally approved the request at the December 17, 2024 Prehearing Conference.

14. On December 18, 2024, ALJ Ashton issued Prehearing Order #3 which, *inter alia*, directed the Joint Petitioners to deliver a status report on the progress of their settlement discussions on January 17, 2025, and to convene at a prehearing conference on February 18, 2025 to give a report on the progress of their settlement discussions.

15. On January 23, 2025, a Judge Addition Notice was issued, which indicated ALJ Collins would be presiding over the above-captioned matter in addition to ALJ Ashton.

16. On February 13, 2025, a Judge Change-Assignment Notice was issued, which indicated ALJ Collins would be presiding over the above-captioned matter.

17. On February 14, 2025, the Joint Petitioners contacted ALJ Collins to advise her that a settlement in principle had been reached and to request forty-five days in which to file a petition for approval of settlement. The ALJ granted the Joint Petitioners' request and directed that the Joint Petitioners submit a petition for approval of settlement by March 31, 2025.

II. SETTLEMENT TERMS

The Joint Petitioners agree as follows:

A. Approval of Application

18. The Joint Petitioners agree that the Commission should approve PAWC's LSLRP Petition, subject to approval of all of the following conditions and without modification.

19. A copy of PAWC's revised LSLR Plan is attached hereto as **Appendix D**.

20. A copy of PAWC's revised *pro forma* tariff is attached hereto as **Appendix E**.

B. Translation Services

21. PAWC will add translation service notations the same as those found in PAWC's LSLRP Petition's Exhibit A, Appendix 3 page 10 (relating to English, Spanish, Portuguese, Gujarati, Hindi, Italian, Korean, Polish, Tagalog, Traditional Chinese, German, Arabic, Farsi, and the addition of Russian) to (1) all documents provided as part of the Company's Lead Service Line Replacement Program ("LSLRP"); and (2) its website related to all Lead Service Line Replacement ("LSLR") material. Additionally, PAWC will provide to customers a written instructions page for its chosen pitcher filter product in English and Spanish and with the additional page containing the same translation service notations in all languages listed herein.

C. Communication Materials

22. In PAWC’s LSLRP, if the customer or property-owner's service line is lead (“LSL”), or galvanized (“GRR”), when the LSL or GRR is discovered, the Company has committed itself or its contractor to attempt to contact the customer or property-owner and provide them with the consent agreement (*See* Exhibit A, Appendix 3 to the LSLRP Petition), the lead and galvanized information packet, and a water pitcher. PAWC agrees to use best efforts to provide these materials to the customer at least ten (10) days before a planned LSLR is performed. For emergency LSLRs, the Company will provide the consent agreement, lead and galvanized information packet, and a water pitcher as far in advance of performing the emergency LSLR as practically possible.

23. PAWC will share with the OCA and the OSBA all documents provided as part of the Company’s LSLRP promptly after such materials are finalized or updated by the Company and used by the Company in connection with the LSLR Plan.

D. Annual Asset Optimization Plan

24. Following the completion of the Company’s LSL projects in a project area set forth in the LSLR Plan, in the event the Company finds lead in a customer owned service line in said completed project area, the Company will provide information detailing the address and zip code, number of customer-owned service pipes, and the replacement date in the Company’s next Annual Asset Optimization Plan (“AAOP”) that is filed with the Commission and served on the statutory advocates. A copy of the AAOP shall also be served on the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”).

25. Starting in 2026, PAWC’s AAOP will report, by zip code, the number of LSLs replaced in the preceding year.

E. Medical Certificate

26. PAWC will provide a customer or occupant of the property three (3) business days to provide a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information) to avoid shutoff of utility service where the property owner who is not the customer is non-responsive to the Company's offer to replace the private side LSL.

F. Service Line Inventory

27. PAWC's Service Line Inventory will prospectively provide zip code information which can be used to identify service lines that have been inventoried and those identified as LSL or GRR.

28. PAWC will utilize the Pennsylvania Department of Environmental Protection's ("DEP") PennEnviroScreen tool to identify environmental justice areas for targeting of inventory and replacement.

G. Financing

29. PAWC will continue its use, and further explore the use, of PENNVEST funding and other sources of low-cost/no cost financing for its LSLRP.

H. Timing of Replacements

30. In accordance with the United States Environmental Protection Agency's ("EPA") Lead and Copper Rule Improvements, PAWC will complete replacement of all lead service lines identified through its Service Line Inventory by December 31, 2037, or such other date as modified by the EPA or the DEP

I. Tariff

31. In accordance with 52 Pa. Code § 65.58(c)(3), the Company shall include a section in its tariff providing step in rights to address replacement of a customer-owned LSL to avoid termination of service when a property owner who is not the customer is nonresponsive to an entity's offer to replace a customer-owned LSL. The tariff language shall be as follows:

4.9.1.9

A. Step In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step In Rights means the right of the Company to avoid termination of service when a property owner who is not the customer is nonresponsive to the Company's offer to replace a Lead Service Pipe which can no longer be used pursuant to Section 4.1.

The Company can utilize Step In Rights in the following circumstances:

1. The Company has attempted to contact the property owner with an offer to replace the Lead Service Pipe in accordance with the Company's Replacement Plan.
2. The Customer or the occupier of the property is not the property owner or the property is vacant or unoccupied.
3. The Company has attempted to get authorization from the property owner to replace the Lead Service Pipe and (1) the property owner cannot be identified, or (2) the property owner has not responded to the Company's offer to replace the Lead Service Pipe.

B. Circumstances Where the Company Must Use Step-In Rights.

1. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer or occupant of the property provides to the Company a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information).
2. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer provides to the Company a Final Protection From Abuse (PFA) order.
3. The Company shall use Step In Rights to avoid the termination of water service to the Customer or the occupier of the property in the situations listed above except where in the Company's reasonable judgement

replacement would place its workers or utility property at a safety risk and in such instance, the Company may use Step In Rights at its discretion.

C. When Step In Rights are used by the Company, after the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations in the private home (“Company Restoration Work”). No other restoration will be conducted for the private side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways (“Private Side Restoration Work”), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Company exercises Step In Rights, the Company’s liability shall be limited to the amount in Section 15 for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suits and actions (including reasonable attorney’s fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company or its agents in replacing the Lead Service Pipe and/or the Company Restoration Work that the Company is responsible for under subsection 4.9.1.9 (C) above.

J. Standard Settlement Conditions

32. The Settlement is conditioned upon the Commission’s approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

33. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue,

the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

34. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

35. To the extent possible, the Joint Petitioners shall jointly prepare and submit a Joint Petition for Settlement with Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs.

36. Each Petitioner shall prepare a Statement in Support of Settlement setting forth the bases upon which the Petitioner believes the Settlement to be in the public interest.

37. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

III. REQUEST FOR RELIEF

WHEREFORE, Pennsylvania-American Water Company, the Office of Consumer Advocate, and the Office of Small Business Advocate, by their respective counsel, respectfully request:

(1) That the Honorable Administrative Law Judge Charece Z. Collins recommend approval of, and the Commission approve, this Joint Petition for Approval of Settlement of All Issues as submitted, including all terms and conditions thereof, without modification.

(2) That the LSLRP Petition filed by PAWC in this matter on July 22, 2024, as amended by the Settlement, be approved.

(3) That the Commission issue an order directing PAWC to file tariffs in compliance with the Commission's final order.

(4) That the Commission issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code for PAWC to carry out the lead service line replacement program contemplated by the LSLRP Petition in a lawful manner.

[Signatures appear on next page.]

Respectfully submitted,



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On behalf of the Office of Small Business Advocate

List of Attachments

- A. Joint Proposed Findings of Fact
- B. Joint Proposed Conclusions of Law
- C. Joint Proposed Ordering Paragraphs
- D. Revised Lead Service Line Replacement Plan (Exhibit A to LSLRP Petition)¹
- E. Revised *Pro Forma* Tariff (Exhibit B to LSLRP Petition)
- F. Statement in Support of Pennsylvania-American Water Company
- G. Statement in Support of the Office of Consumer Advocate
- H. Statement in Support of the Office of Small Business Advocate

¹ The only changes in response to TUS Set 1 were made to the LSLR Plan itself. No changes were made to the Appendices to the LSLR Plan, and due to the voluminous nature of Appendix 1 (Service Line Inventory), the Appendices are not included with the Revised Lead Service Line Replacement Plan.

APPENDIX A. Joint Proposed Findings of Fact

**APPENDIX A
PROPOSED FINDINGS OF FACT**

PARTIES

1. Pennsylvania-American Water Company (“PAWC” or “Company”) is a Class A Pennsylvania public utility that, as of June 30, 2024, provided service to approximately 685,334 water and 98,047 wastewater customers in approximately 417 communities located in 37 counties in Pennsylvania. As a Pennsylvania public utility, the Company is subject to the regulatory authority of the Pennsylvania Public Utility Commission (“Commission”). In addition, the Company must comply with drinking water, environmental and other operational standards established by the Pennsylvania Department of Environmental Protection (“DEP”) and the federal Environmental Protection Agency (“EPA”). Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan (“LSLRP Petition”), ¶ 1.

2. The Office of Consumer Advocate (the “OCA”) is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

3. The Office of Small Business Advocate (the “OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41.

BACKGROUND

4. By Order entered on October 3, 2019 at Docket No. P-2017-2606100, the Commission previously granted PAWC approval to perform lead service line replacement (“LSLR”) activities. LSLRP Petition, ¶ 7.

5. Act 120 of 2018 (“Act 120”) was signed into law on October 24, 2018, and amended Section 1311(b) of the Pennsylvania Public Utility Code (“Code”) to address replacement of lead service lines (“LSLs”) and damaged wastewater sewer laterals (“DWSLs”) as well as the recovery of costs associated with such replacement. Act 120 of 2018, 66 Pa. C.S. § 1311(b); LSLRP Petition, ¶ 3.

6. On March 14, 2022, the Commission entered the Final Rulemaking Order, at Docket No. L-2020-3019521 (“Final Rulemaking Order”), which adopted the Commission’s regulations concerning LSLR at 52 Pa. Code §§ 65.51 *et seq.* (“LSLR Regulations”), which became effective on July 23, 2022. LSLRP Petition, ¶ 4.

7. Pursuant to 52 Pa. Code § 65.53(a), a Class A public utility shall remove and replace all LSLs, whether entity-owned or customer-owned, within or connected to its water distribution systems within 25 years from the effective date of the LSLR Regulations. LSLRP Petition, ¶ 5.

8. Lead is a naturally occurring metal that can cause a variety of adverse health effects. LSLRP Petition, ¶ 56.

9. The EPA determined that, “Exposure to lead is known to present serious health risks to the brain and nervous system of children...Infants and children exposed to lead may experience delays in physical and mental development and may show deficits in attention span and learning disabilities. In adults, lead exposure can cause kidney problems and high blood pressure. Copper exposure can cause stomach and intestinal distress, liver and kidney damage, and complications of Wilson’s disease in genetically predisposed people.”² LSLRP Petition, ¶ 57.

² U.S. Environmental Protection Agency, Office of Water, “Lead and Copper Rule Revisions White Paper”, https://www.epa.gov/sites/default/files/2016-10/documents/508_lcr_revisions_white_paper_final_10.26.16.pdf October 2016.

10. While the most common sources of lead exposure are soil, paint chips and dust, drinking water is another route of lead exposure, primarily as a result of corrosion of lead pipes and plumbing materials. LSLRP Petition, ¶ 58.

PAWC’S LSLR Program

11. PAWC’s LSLR Program will allow the Company to address LSLs in its system in an efficient manner to address the recognized health risks posed by lead in drinking water. Accordingly, the Company’s LSLR Program is reasonable and in the public interest. LSLRP Petition, ¶ 61.

12. Pursuant to 52 Pa. Code § 65.54, an entity that has a Commission-approved long-term infrastructure improvement plan (“LTIIIP”) shall include with its LSLR program petition a modified LTIIIP containing an LSLR plan as a separate and distinct component of the entity’s LTIIIP. LSLRP Petition, ¶ 9.

13. Pursuant to 52 Pa. Code § 65.54(b), PAWC attached to its LSLRP Petition as Exhibit E a copy of a modified LTIIIP that incorporates PAWC’s LSLR Plan as a separate and distinct component of its LTIIIP. LSLRP Petition, ¶ 54.

14. Under 52 Pa Code § 65.55 the LSLR program is required to include the following elements:

- (1) A LSLR plan as described in 52 Pa. Code § 65.56.
- (2) A pro forma tariff or tariff supplement containing the proposed changes necessary to implement the entity’s LSLR program as described in 52 Pa. Code § 65.58.
- (3) Information required by the Commission for filings under 66 Pa. C.S. § 1308, including statements required by 52 Pa. Code § 53.52(a).

LSLRP Petition, ¶ 10.

15. Pursuant to 52 Pa. Code § 65.55(b)(3), PAWC has attached to its LSLRP Petition as Exhibit D supporting data required by 52 Pa. Code § 53.52(a). LSLRP Petition, ¶ 53.

16. PAWC attached as Exhibit B to its LSLRP Petition is a Pro Forma Tariff Supplement to Tariff Water-PA P.U.C. No. 5 (“Pro Forma Tariff”), which sets forth the proposed tariff changes in response to 52 Pa. Code § 56.58. LSLRP Petition, ¶ 40.

17. In response to Data Request Set 1 issued by the Bureau of Technical Utility Services (“TUS”) (“TUS Set 1”) as well as pursuant to provisions within the Settlement, the Pro Forma Tariff was modified (“Revised Pro Forma Tariff”).

18. The Revised Pro Forma Tariff was included as Appendix E to the Settlement.

19. Section 4.9.1.1 to PAWC’s Revised Pro Forma Tariff includes a cap on the number of customer-owned LSLs that can be replaced annually. Settlement, Appendix E.

20. PAWC’s effective water tariff includes a definition consistent with 52 Pa. Code § 65.52 for customer-owned LSL for the purposes of PAWC’s LSLR Program. “Customer-owned LSL” is defined under 52 Pa. Code § 65.52 as “The portion of the lead service line extending from the curb, property line or entity connection to an entity’s water meter or, if the entity’s meter is located outside of the structure or water is not metered by the entity, at the first shutoff valve located within the interior of the structure.” Section 2.16a of the Company’s water tariff defines Lead Service Pipe as “Any Service Pipe constructed with lead or galvanized pipe located downstream from a Service Pipe constructed with lead.” In Section 2.16 of its water tariff, the Company defines Service Pipe as “That portion of a water line not owned by the Company which transmits water from the Company-owned water main to the Customer’s premise. The water service pipe begins at the Company-owned street service connection and continues into the structure on the premise to be supplied.” LSLRP Petition, ¶ 42.

21. PAWC specifies in Section 4.9.1.8 of its Revised Pro Forma Tariff that if a shutoff valve is not located along a specific length of pipe within a structure, PAWC may install a shutoff valve to serve as a point of demarcation between the property's service line and the property's interior water distribution piping. Settlement, Appendix E.

22. PAWC's Revised Pro Forma Tariff Section 4.9.1.2 contains the process by which PAWC perfects its ownership of the portion of the service line located within the then-existing right-of-way to ensure PAWC can obtain necessary permits during the planning phase of a LSLR project. Settlement, Appendix E.

23. Section 4.9.1.3 of PAWC's Revised Pro Forma Tariff specifies in that neither a customer nor a property owner may install a partial LSLR, and that a partial LSLR will result in termination of service until such time as PAWC can replace the entity-owned LSL under 52 Pa. Code § 65.62. Settlement, Appendix E.

24. Section 4.9.1.6 of PAWC's Revised Pro Forma Tariff requires that if a customer or property owner elects to replace the customer-owned LSL, the customer or property owner shall replace the customer-owned LSL concurrent with PAWC replacing the Company-owned LSL, subject to the customer or property owner providing PAWC at least 90 days' notice prior to replacing the customer-owned LSL. Settlement, Appendix E.

25. Section 4.9.1.9 of PAWC's Revised Pro Forma Tariff, PAWC establishes the process to address replacement of a customer-owned LSL to avoid termination when a property owner, who is not the customer, is non-responsive to PAWC's offer to replace a customer-owned LSL. Settlement, Appendix E.

26. Section 4.9.1.3 of PAWC's Revised Pro Forma Tariff contains provisions that PAWC shall not connect an applicant for water service to a Company-owned service line at a

property where a customer or property owner previously refused or failed to accept PAWC's offer of a LSLR until the applicant verifies the replacement of the customer-owned LSL by providing a paid invoice from the licensed contractor where applicable or a verified statement from a licensed contractor attesting to completion of the LSLR. Settlement, Appendix E.

27. Section 4.9.1.5 of PAWC's Revised Pro Forma Tariff addresses reimbursements to eligible customers or property owners who replace their LSL within 1 year before or from LSLR project commencement. PAWC's Revised Pro Forma Tariff includes language explaining its reimbursement terms and conditions, and contains (1) an explanation of PAWC's method for determining the amount of reimbursement, (2) an explanation of PAWC's reimbursement methods, and (3) an explanation of PAWC's method for determining eligibility providing that (a) a customer or property owner located within a LSLR project area is eligible for reimbursement of LSLR expenses up to 125% of the average cost the entity would have incurred to perform the replacement of a similarly-sized service line, not to exceed actual cost, and (b) a customer or property owner shall submit to PAWC a detailed estimate or verified statement and paid invoice from a licensed contractor where applicable, verifying the replacement of the customer-owned LSL. Settlement, Appendix E.

28. Section 4.9.1.5 of PAWC's Revised Pro Forma Tariff also explains that if the reimbursement causes PAWC to exceed its annual cap, PAWC will increase its current annual cap by the amount of the reimbursement and decrease its next annual cap by this amount. Settlement, Appendix E.

29. Section 4.9.1.2 of PAWC's Revised Pro Forma Tariff provides a warranty on LSLR work performed by PAWC or its contractor of a term of not less than 2 years. PAWC's warranty provisions (1) define the start of the two year period, (2) ensure the materials and workmanship of

the replacement and restoration are covered, (3) define the maximum coverage amounts under the warranty, (4) explain any liability PAWC will have for damages not covered by the warranty, and (5) ensure PAWC access to the property to correct any deficiencies. Settlement, Appendix E.

30. Pursuant to 52 Pa. Code § 65.56, an entity's LSLR Plan must contain, at a minimum:

- a. A service line inventory that complies with EPA regulation at 40 CFR 141.1-143.20 as enforced by DEP, inclusive of future changes as those regulations may be amended. The entity shall identify assumptions in its service line inventory.
- b. A planning and replacements section which includes the following:
 - i. Projected annual investment in LSLRs per calendar year with an explanation of the entity's anticipated sources of financing;
 - ii. Projected number of LSLRs per calendar year with an explanation of how the entity's projection was determined and a statement that this number is consistent with the entity's annual cap on LSLRs;
 - iii. Prioritization criteria considered when developing the LSLR schedule;
 - iv. An explanation of the processes and procedures to address emergency repairs or replacements which reveal LSLs;
 - v. Processes and procedures to obtain acceptance of an LSLR prior to LSLR project commencement if the customer is the property owners, and the entity's processes and procedures to obtain acceptance prior to LSLR project commencement if the customer is not the property owner;
 - vi. The entity's processes and procedures based upon an acceptance of a LSLR;
 - vii. The entity's lead/material recycling and disposal efforts;
 - viii. The industry-accepted practices that the entity plans to use to replace entity-owned and customer owned LSLs;
 - ix. A detailed explanation of how the entity's acquisition of water distribution systems will be integrated into the entity's efforts to complete LSLRs throughout its water distribution systems; and
 - x. The procedure for documenting refusal of, or failure to accept, the offer to replace a LSL.

- c. A communications, outreach and education section which complies with EPA regulations at 40 CFR 141.85, and includes (1) copies of all printed and broadcasted material to be distributed under the LSLR program as well as (2) the development of a LSLR section of its website within 12 months of Commission approval of its LSLR program.

LSLRP Petition, ¶ 11.

31. PAWC's LSLR Plan was modified in response to Set 1 ("Revised LSLR Plan").
32. The Revised LSLR Plan was included as Appendix D to the Settlement.
33. PAWC's Revised LSLR Plan provides the Company shall make reasonable best efforts to assist the customer or property owner through the reimbursement process and, to the extent possible, make determinations in favor of the customer or property owner where the customer or property owner has provided reasonable evidence of a LSLR to PAWC. Settlement, Appendix D, p. 13.
34. PAWC prepared its service line inventory and attached it to the LSLR Plan as Appendix 1. PAWC's service line inventory complies with EPA's regulations at 40 CFR 141.1-143.20, as enforced by DEP. LSLRP Petition, ¶ 13.
35. The assumptions upon which PAWC relied in its service line inventory are identified in its Revised LSLR Plan. Settlement, Appendix D, p. 4.
36. PAWC included a planning and replacement section of its LSLR Plan, which is Section V of the Revised LSLR Plan. Settlement, Appendix D, pp. 5-13.
37. PAWC's projected annual investment in LSLRs is discussed in Section V of its Revised LSLR Plan. As discussed in that section, LSLR projects will be funded initially by the Company's short-term debt, to be later replaced with a combination of long-term debt and equity capital. The Company also will seek grants and low interest loans through PENNVEST, if available, as a source of funding. Settlement, Appendix D, pp 6-7.

38. PAWC included in its Revised LSLR Plan a projected average range of 2,800 to 4,300 LSLRs per calendar year. PAWC arrived at its projected number of LSLRs by reviewing the number of known service lines within each area and estimating 2% of unknown company-side service lines and 5% of unknown customer-side service lines will be lead or galvanized based on age of home and location. This number is consistent with PAWC's annual cap on LSLRs. Settlement, Appendix D, p.8.

39. PAWC's Revised LSLR Plan includes prioritization criteria considered when developing the LSLR schedule. Settlement, Appendix D, pp. 8-9.

40. PAWC's processes and procedures to address emergency repairs or replacements that reveal LSLs are outlined in its Revised LSLR Plan in Section V. Settlement, Appendix D, p.9.

41. PAWC's processes and procedures to obtain acceptance of an LSLR prior to LSLR project commencement are the same whether the customer is or is not the property owner. PAWC's processes and procedures to obtain acceptance of a LSLR prior to a LSLR project are detailed in Section V of its Revised LSLR Plan. Settlement, Appendix D, pp. 9-10.

42. PAWC's processes and procedures based upon acceptance of an LSLR are set forth in Section V of the Revised LSLR Plan. Settlement, Appendix D, pp. 10-12.

43. PAWC's Revised LSLR Plan indicates that it does not engage in lead/material recycling disposal efforts and therefore does not receive any proceeds from lead/material recycling disposal efforts. Settlement, Appendix D, p. 12.

44. The industry-accepted practices PAWC uses to replace Company-owned and customer-owned LSLs is detailed in Section V of the Revised LSLR Plan, including the industry-accepted practices outlined in ANSI/AWWA C810/17. Settlement, Appendix D, p.12.

45. PAWC's Revised LSLR Plan provides that upon PAWC's acquisition of a water distribution system, the acquired water distribution system will be integrated into PAWC's efforts to complete LSLRs by the following process: The Company requests the acquired system to provide service line information, including the status of their service line inventory and their lead service line replacement plan, if available. If the acquired system submitted its service line inventory prior to acquisition close, PAWC will prioritize any lead or galvanized service replacements identified with main replacement projects or as a service line replacement project. If the acquired system did not complete its service line inventory, PAWC will evaluate service material during meter replacements, if applicable. The newly acquired customers will also have the option to participate in the online customer survey. Settlement, Appendix D, p.12.

46. PAWC's Revised LSLR Plan details its procedure for documenting refusal of, or failure to accept, PAWC's offer to replace a LSL. Settlement, Appendix D, p.13.

47. PAWC's Communications, Outreach, and Education section of its Revised LSLR Plan is found in Section VI of the originally filed LSLR Plan. Settlement, Appendix D, pp. 13-15.

48. PAWC's LSLR Revised Plan complies with EPA regulations at 40 CFR 141.85. LSLRP Petition, ¶ 34.

49. Copies of all printed and broadcast material distributed under PAWC's LSLR Program are included as Appendix 3 to the originally filed LSLR Plan. LSLRP Petition, ¶ 35.

50. PAWC has a LSLR section of its website which contains an online tool describing the replacement schedule by geographic location, at least six months into the future. LSLRP Petition, ¶ 36.

51. PAWC's website also contains information regarding reimbursement requirements and a secure online tool that provides customers or property owners the ability to determine whether they are eligible for reimbursement. LSLRP Petition, ¶ 37.

52. PAWC's website contains information that provides the ability to determine whether a property may have a LSL, delineating the known or reasonably anticipated material types for the Company-owned and customer-owned portions of the service line, as well as a method to request assistance to determine if a service line is a LSL. LSLRP Petition, ¶ 38.

53. PAWC's website contains information and resources relating to health risks associated with lead and LSLs, the status of current efforts to replace LSLs, and community meetings and advisory committees hosted by PAWC. LSLRP Petition, ¶ 39.

APPENDIX B. Joint Proposed Conclusions of Law

Joint Proposed Conclusions of Law

1. The Commission has jurisdiction over the subject matter of, and the parties to, this petition proceeding. 66 Pa. C.S. § 1311(b)(2); 52 Pa. Code § 65.54
2. Pennsylvania-American Water Company (“PAWC”) has the burden of proof in these proceedings. 66 Pa. C.S. § 332(a).
3. Commission policy promotes settlements. 52 Pa. Code § 5.231.
4. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. 52 Pa. Code § 69.401.
5. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm’n v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).
6. The settlement and its proposed terms and conditions are in the public interest and, therefore, should be approved without modification.
7. An entity that has a Commission-approved long-term infrastructure improvement plan (“LTIIIP”) shall include with its lead service line replacement program petition a modified LTIIIP containing a lead service line replacement plan as a separate and distinct component of the LTIIIP. 52 Pa. Code § 65.54(b).
8. Pursuant to 52 Pa. Code § 65.55, a lead service line replacement program must include:
 - a. A lead service line replacement plan as described in 52 Pa. Code § 65.56 (relating to lead service line replacement plan requirements);

- b. A pro forma tariff or tariff supplement containing the proposed changes necessary to implement the entity's lead service line replacement program as described in 52 Pa. Code § 65.58 (relating to pro forma tariff or tariff supplement requirements).
 - c. Information required by the Commission for filings under 66 Pa. C.S. § 1308 (relating to voluntary changes in rates), including statements required by 52 Pa. Code § 53.52(a) (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies).
9. Pursuant to 52 Pa. Code § 65.58, a *pro forma* tariff or tariff supplement must contain proposed changes necessary to implement the entity's lead service line replacement program including, at a minimum:
- a. Lead service line replacement program annual cap;
 - b. Service line demarcation;
 - c. Partial lead service line replacements provisions;
 - d. Reimbursement provisions; and
 - e. Warranty provisions.
10. Pursuant to 52 Pa. Code § 65.56, an entity's lead service line replacement plan must contain, at a minimum:
- a. A service line inventory;
 - b. A planning and replacements section; and
 - c. A communications, outreach, and education section.
11. A public utility providing water service must obtain prior approval from the Commission for the replacement of customer-owned lead water service lines by filing a new tariff or supplement to existing tariffs under 66 Pa. C.S. § 1308 (relating to voluntary changes in

rates), which shall include a cap on the maximum number of customer-owned lead water service lines that can be replaced annually. 66 Pa. C.S. §§ 1311(b)(2)(v), (vi).

12. PAWC's Lead Service Line Replacement Program, as modified by the Settlement, complies with 66 Pa. Code § 1311(b), 52 Pa. Code § 53.52(a) and 52 Pa. Code § 65.51 *et seq.*

APPENDIX C. Joint Proposed Ordering Paragraphs

Joint Proposed Ordering Paragraphs

- (1) That the Honorable Administrative Law Judge Charece Z. Collins recommend approval of, and the Pennsylvania Public Utility Commission approve, this Joint Petition for Approval of Settlement of All Issues as submitted, including all terms and conditions thereof, without modification.
- (2) That the Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan filed by Pennsylvania-American Water Company in this matter on July 22, 2024, as amended by the Settlement, be approved.
- (3) That Pennsylvania-American Water Company's Lead Service Line Replacement Plan, as modified by the Settlement, be approved.
- (4) That Pennsylvania-American Water Company's Long-Term Infrastructure Improvement Plan, as modified by this Settlement, be approved.
- (5) That Pennsylvania-American Water Company be directed, pursuant to 52 Pa. Code § 65.55(b)(3), to resubmit its *pro forma* tariff, as modified by this Settlement, to the Commission under 66 Pa. C.S. § 1308.
- (6) That Pennsylvania-American Water Company be directed to add translation service notations the same as those found in Exhibit A, Appendix 3 page 10 to the Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan (relating to English, Spanish, Portuguese, Gujarati, Hindi, Italian, Korean, Polish, Tagalog, Traditional Chinese, German, Arabic, Farsi, and the addition of Russian) to (1) all documents provided as part of Pennsylvania-American Water

Company's Lead Service Line Replacement Program; and (2) its website related to all Lead Service Line Replacement material.

(7) That Pennsylvania-American Water Company be directed to provide customers a written instructions page for its chosen pitcher filter product in English and Spanish and with the additional page containing the same translation service notations in all languages listed in Ordering Paragraph 6 above.

(8) That, when a private-side lead service line is determined to be lead or galvanized, Pennsylvania-American Water Company shall use its best efforts to provide a consent agreement, lead and galvanized information packet, and a water pitcher to the customer or property-owner at least ten (10) days before a planned lead service line replacement is performed or, in the case of an emergency lead service line replacement, as far in advance of performing the emergency replacement as practically possible.

(9) That, Pennsylvania-American Water shall share with the Office of Consumer Advocate and Office of Small Business Advocate all documents provided as part of its Lead Service Line Replacement Program promptly after such materials are finalized or updated by Pennsylvania-American Water Company and used in connection with its Lead Service Line Replacement Plan.

(10) That, following completion of its lead service line projects in a project area set forth in its Lead Service Line Replacement Plan, in the event it finds lead in a customer-owned service line in said completed project area, Pennsylvania-American Water Company shall provide information detailing the address and zip code, number of customer-owned service pipes, and the replacement date in its next Annual Asset Optimization Plan that is filed with the Pennsylvania Public Utility Commission and served on the statutory advocates. Pennsylvania-American Water Company shall

serve copy of the Annual Asset Optimization Plan on the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania.

(11) That, starting in 2026, Pennsylvania-American Water Company's Annual Asset Optimization Plan will report by, by zip code, the number of lead service lines replaced in the preceding year.

(12) That Pennsylvania-American Water Company will provide a customer or occupant of the property three (3) business days to provide a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to Pennsylvania-American Water Company by fax, email or mail (providing the contact information) to avoid shutoff of utility service where the property owner who is not the customer is non-responsive to Pennsylvania-American Water Company's offer to replace the private-side lead service line.

(13) That Pennsylvania-American Water Company's Service Line Inventory shall prospectively provide zip code information which can be used to identify service lines that have been inventoried and those identified as "lead service line" or "galvanized requiring replacement."

(14) That Pennsylvania-American Water Company shall utilize the Pennsylvania Department of Environmental Protection's PennEnviroScreen tool to identify environmental justice areas for targeting of inventory and replacement.

(15) That Pennsylvania-American Water Company shall continue its use, and further explore the use, of PENNVEST funding and other sources of low-cost/no cost financing for its Lead Service Line Replacement Program.

(16) That, in accordance with the United States Environmental Protection Agency's Lead and Copper Rule Improvements, Pennsylvania-American Water Company will complete replacement

of all lead service lines identified through its Service Line Inventory by December 31, 2037, or such other date as modified by the United States Environmental Protection Agency or the Pennsylvania Department of Environmental Protection.

(17) That the Pennsylvania Public Utility Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out in a lawful manner the lead service line replacement program contemplated by the Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan.

APPENDIX D. Revised Lead Service Line Replacement Plan
(Exhibit A to LSLRP Petition)³

³ The only changes were made to the LSLR Plan itself. No changes were made to the Appendices to the LSLR Plan, and due to the voluminous nature of Appendix 1 (Service Line Inventory), the Appendices are not included with the Revised Lead Service Line Replacement Plan.

EXHIBIT A



**Lead Service Line Replacement Plan
Pursuant to Act 120 of 2018**

July 22, 2024

I. Introduction

Pennsylvania-American Water Company (“Pennsylvania-American Water”, “PAWC” or the “Company”) submits this plan for the lead service line replacement (“LSLR”) pursuant to recently enacted 52 Pa. Code §§ 65.51, *et seq.* (“LSLR Plan” or the “Plan”).

II. Background

Act 120 of 2018 (“Act 120”) was signed into law by Governor Wolf on October 24, 2018, and became effective 60 days thereafter. Act 120 amended Section 1311(b) of the Pennsylvania Public Utility Code (the “Code”), 66 Pa. C.S. § 1311(b), to authorize water and wastewater public utilities to recover a return on and a return of the costs they incur to replace customer-owned lead water service lines (“LSLs”) and customer-owned damaged wastewater laterals subject to specified conditions. This document is intended to only address LSLR and does not address wastewater laterals.

Pursuant to Act 120, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) promulgated regulations at 52 Pa. Code §§ 65.51, *et seq.* (“LSLR Regulations”), which became effective on July 23, 2022. The purpose of the LSLR Regulations is to establish the time, manner, form and content of filings for Commission approval of LSLRs. 52 Pa. Code § 65.51.

III. Statutory Consideration for Plan

66 Pa. C.S. § 1311(b) states: “a public utility providing water or wastewater service must obtain prior approval from the commission for the replacement of a customer-owned lead water service line...by filing a new tariff or supplement to existing tariffs under section 1308.” Section 1311(b)(vii) requires the Commission to establish (by regulation or order) standards, processes and procedures to ensure work performed by a public utility or its contractor to replace a customer-owned LSL is accompanied by a warranty of a term the Commission determines appropriate, and that the public utility and its contractor have access to the affected customer’s property during the warranty’s term, as well as provide for reimbursement to a customer who has replaced the customer’s LSL within one year of commencement of a project in accordance with a Commission-approved tariff.

52 Pa. Code § 65.54 requires public water utilities with a Commission-approved Long-Term Infrastructure Improvement Plan (“LTIIIP”) to file a LSLR program petition which includes a modified LTIIIP containing its LSLR plan as a separate and distinct component of the water utility’s LTIIIP.

52 Pa. Code § 65.55 requires a utility’s LSLR program to include a LSLR plan.

The requirements for a LSLR plan are found under **52 Pa. Code § 65.56:**

- 1. Service Line Inventory** (*See Section IV of the Plan for details*)

52 Pa. Code § 65.56(a)(1): Public water utilities shall submit to the Commission a service line inventory that complies with the United States Environmental Protection Agency (“EPA”) regulation at 40 CFR 141.1-143.20 as enforced by the Department of Environmental Protection (“DEP”).

52 Pa. Code § 65.56(a)(2): Public water utilities acquiring a water distribution system shall provide to the Commission a service line inventory for the acquired system upon completion of the acquisition or as part of its service line inventory, whichever is later. A public water utility may rely on a previously completed service line inventory for an acquired system if the entity updates the service line inventory.

52 Pa. Code § 65.56(a)(3): A service line inventory must comply with the timing and direction of the EPA regulations at 40 CFR 141.1-143.20 as enforced by DEP.

52 Pa. Code § 65.56(a)(4): Public water utilities shall identify assumptions in the service line inventory to the Commission.

52 Pa. Code § 65.56(a)(5): Until the service line inventory is complete, the utility shall provide detailed information regarding the progress of its service line inventory as part of its annual LSLR program report.

52 Pa. Code § 65.56(a)(6): After a service line inventory is complete, it must be incorporated into the utility’s next LSLR plan update.

2. Planning and Replacements *(See Section V of the Plan for details)*

52 Pa. Code § 65.56(b): The planning and replacement section of a LSLR plan must include:

- (1) The utility’s projected annual investment in LSLRs with an explanation of the utility’s anticipated sources of financing.
- (2) The utility’s projected number of LSLRs per calendar year with an explanation of how the entity’s projection was determined and a statement that this number is consistent with the utility’s annual cap on LSLRs.
- (3) The prioritization criteria considered by the utility when developing its LSLR schedule.
- (4) An explanation of the utility’s processes and procedures to address emergency repairs or replacements which reveal LSLs.
- (5) The utility’s processes and procedures to obtain acceptance of a LSLR prior to LSLR project commencement if the customer is the property owner, and the utility’s processes and procedures to obtain acceptance prior to LSLR project commencement if the customer is not the property owner.
- (6) The utility’s process and procedures based on acceptance of a LSLR including (a) a consent agreement form by which the customer or property owner will authorize the LSLR, (b) a brief description of the utility’s process for LSLRs under normal conditions and under atypical conditions, (c) an explanation of the utility’s process for coordination with the customer or property owner and the information the utility will provide to the customer and property owner throughout the LSLR process, and (d) the utility’s process for addressing LSLR completion or closeout, or both, with the customer and property owner.
- (7) The utility’s lead/material recycling and disposal efforts, including a description of what the utility will do with the proceeds from recycling and disposal efforts.

- (8) The industry-accepted practices that the utility plans to use to replace utility-owned and customer-owned LSLs.
- (9) A detailed explanation of how the utility's acquisition of water distribution systems will be integrated into the entity's efforts to complete LSLRs throughout its water distribution systems.
- (10) The procedure for documenting refusal of, or failure to accept, the offer by the utility to replace a LSL, including the utility's duty to (a) provide the customer or property owner with a complete disclosure of the known health hazards from the continued use of a LSL, (b) inform the customer or property owner that refusal or failure to accept will require replacement of the customer-owned LSL, at the customer or property owner's expense, within one year from the LSLR project commencement for the customer or property owner to be eligible for reimbursement, and (c) communicate to the customer and property owner that failure to allow the utility to complete the LSLR or to replace the customer-owned LSL concurrent with the utility replacing the utility-owned LSL will lead to termination of water service under the provisions of the utility's tariff.

3. Communications, Outreach, and Education. *(See Section VI of the Plan for details)*

52 Pa. Code § 65.56(c): The utility shall demonstrate compliance with the EPA regulations at 40 CFR 141.85. The utility's LSLR plan must include copies of all printed and broadcast material to be distributed under its LSLR program. A Class A public utility shall develop a LSLR section of its website within twelve months of Commission approval of its LSLR program. The website must contain at a minimum:

- (1) an online tool describing the replacement schedule by geographic location, at least 6 months into the future,
- (2) information regarding the reimbursement requirements and a secure online tool that provides customers or property owners the ability to determine whether the customer or property owner may be eligible for reimbursement;
- (3) information that provides the ability to determine whether a property may have a LSL, delineating the known or reasonably anticipated material types for the utility-owned and customer-owned portions of the service line and a method to request assistance to determine if a service line is a LSL; and
- (4) information and resources relating to health risks associated with lead and LSLs, the status of current efforts to replace LSLs, and community meetings and advisory committees hosted by the utility.

52 Pa. Code § 65.57 requires the utility to update its LSLR plan for Commission review at least once every five years.

IV. Service Line Inventory

52 Pa. Code § 65.56(a): Public water utilities shall submit to the Commission a service line inventory that complies with the EPA regulations at 40 CFR 141.1-143.20 as enforced by the DEP. A service line inventory must comply with the timing and direction of the EPA regulations at 40 CFR 141.1-143.20 as enforced by DEP. Public water utilities shall identify assumptions in the service line inventory to the Commission. Until the service line inventory is complete, the utility shall provide detailed information regarding the progress of its service line inventory as

part of its annual LSLR program report. After a service line inventory is complete, it must be incorporated into the utility's next LSLR plan update.

Assumptions in the Service Line Inventory

In compiling its service line inventory, the Company relies on information obtained from its onsite contractor during customer-side service line inspections, information provided by customers regarding their customer-side service line information, information obtained from Company review of tap slips, water main replacement records, development construction records, and municipal/local system records. The Company also obtains service line material information on all inside meter replacements that occur. In the case of an outside meter replacement, the Company requests to gain access to the customer's premise in order to determine the service line material information.

The Company also reviews the age of homes obtained from parcel records in compiling its service line inventory. The Company uses the assumption that any construction that occurred after January 1991 will not contain lead due to The Plumbing System Lead Ban and Notification Act, 35 P.S. §§ 723.1 *et seq.*, ("PA Lead Ban") becoming effective on January 6, 1991.

The Company assumes 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, the Company assumes that galvanized lines are downstream of lead lines.

Service Line Inventory

PAWC's service line inventory as of July 2024 is attached to the LSLR Plan as Appendix 1.

The Company has not completed its service line inventory. Until the Company completes its service line inventory, it will provide detailed information regarding the progress of its service line inventory as part of its annual LSLR Program report. The Company will incorporate the updated service line inventory into its next LSLR Plan update.

The Company's service line inventory completed to date complies with the EPA regulations at 40 CFR 141.1-143.20 as enforced by the DEP with a deadline for submission of October 16, 2024.

PAWC plans to continue to identify material types on both the company and customer-owned sides of the service lines through reviewing existing records, mechanical excavation, and visual inspection. Once enough information is obtained through these methods, the Company will utilize statistical analysis to confirm known material and identify unknown material. Pennsylvania American Water will continue to update the inventory and notify Lead, Galvanized Requiring Replacement and Unknown customers annually to comply with current EPA and DEP regulations.

Due to the DEP's verification methods, many of the service lines in PAWC's service line inventory are listed as "unknown." In order to categorize a pipe material as "non-lead", the DEP requires sufficient evidence to demonstrate this designation. The DEP issued the following guidance attached as Appendix 2. Records indicating a company service line was installed or replaced after January 6, 1991 or a record of a local ordinance or plumbing code prohibiting lead service line installation along with water system records indicating service line installation/replacement occurred after the

effective date of the ordinance are both sufficient stand-alone methods to verify a pipe is non-lead. It must be noted that the installation date must also be known on the customer service line to verify the entire service line as non-lead. In all other circumstances, historical records must also be verified using one of the following investigation techniques: (1) field verification (visual inspection, CCTV, mechanical excavation), (2) water quality sampling (targeted, flushed or sequential if the system does not have corrosion control treatment), or (3) modeling/statistical analysis. The requirement of a secondary verification for historical records that do not meet stand-alone verification criteria leads to many lines being listed as “unknown” despite historical records identifying the material used in these lines. Until the secondary verification can occur, these lines cannot be listed as “non-lead” and must be listed as “unknown.”

Acquired Systems

Upon acquiring a water distribution system, the Company shall provide to the Commission a service line inventory for the acquired system upon completion of the acquisition or as part of its service line inventory, whichever is later.

V. Planning and Replacements

52 Pa. Code § 65.56(b): The planning and replacement section of a LSLR plan must include:

- (1) The utility’s projected annual investment in LSLRs with an explanation of the utility’s anticipated sources of financing.
- (2) The utility’s projected number of LSLRs per calendar year with an explanation of how the entity’s projection was determined and a statement that this number is consistent with the utility’s annual cap on LSLRs.
- (3) The prioritization criteria considered by the utility when developing its LSLR schedule.
- (4) An explanation of the utility’s processes and procedures to address emergency repairs or replacements which reveal LSLs.
- (5) The utility’s processes and procedures to obtain acceptance of a LSLR prior to LSLR project commencement if the customer is the property owner, and the utility’s processes and procedures to obtain acceptance prior to LSLR project commencement if the customer is not the property owner.
- (6) The utility’s process and procedures based on acceptance of a LSLR including (a) a consent agreement form by which the customer or property owner will authorize the LSLR, (b) a brief description of the utility’s process for LSLRs under normal conditions and under atypical conditions, (c) an explanation of the utility’s process for coordination with the customer or property owner and the information the utility will provide to the customer and property owner throughout the LSLR process, and (d) the utility’s process for addressing LSLR completion or closeout, or both, with the customer and property owner.
- (7) The utility’s lead/material recycling and disposal efforts, including a description of what the utility will do with the proceeds from recycling and disposal efforts.
- (8) The industry-accepted practices that the utility plans to use to replace utility-owned and customer-owned LSLs.

- (9) A detailed explanation of how the utility's acquisition of water distribution systems will be integrated into the entity's efforts to complete LSLRs throughout its water distribution systems.
- (10) The procedure for documenting refusal of, or failure to accept, the offer by the utility to replace a LSLS, including the utility's duty to (a) provide the customer or property owner with a complete disclosure of the known health hazards from the continued use of a LSLS, (b) inform the customer or property owner that refusal or failure to accept will require replacement of the customer-owned LSL, at the customer or property owner's expense, within one year from the LSLR project commencement for the customer or property owner to be eligible for reimbursement, and (c) communicate to the customer and property owner that failure to allow the utility to complete the LSLR or to replace the customer-owned LSL concurrent with the utility replacing the utility-owned LSL will lead to termination of water service under the provisions of the utility's tariff.

Projected Annual Investment and Anticipated Sources of Financing

To estimate the total cost to perform full LSLRs, the Company must first identify the estimated number of lead service lines, both Company and customer-owned, throughout its system.

Based on an on-going comprehensive review of our water service records, PAWC currently estimates that the Company has approximately 12,000 Company-owned lead and galvanized service lines requiring replacement¹.

The Company's service records do not consistently identify the material of the customer-owned service line, as this level of detail was not historically relevant and thus, not captured or maintained. Consequently, the Company does not have an exact count of customer-owned LSLs to be replaced under the Company's proposal. Nevertheless, the expectation is that there is likely lead on the customer side where we find lead on the Company side. The Company also expects to encounter galvanized service lines on both the Company side and customer side for those areas that have historically had lead goosenecks. Based on PAWC's evaluation of our service records, the Company estimates that there are approximately 34,500 customer-owned LSLs, including galvanized service lines requiring replacement.

Pennsylvania-American Water prepares and updates a six-year capital investment plan each year. The Company also based its projection on the timeline set forth in the EPA's proposed Lead and Copper Rule Improvements ("LCRI"), which would require achieving 100% LSLR within 10 years of its adoption, which, at this time, is anticipated to be 2027. From this planning, and in consideration of replacing LSLs over a 13-year window ending in 2037, Pennsylvania-American Water currently estimates it will replace a quantity range of LSLs starting in 2025 and continuing until 2037, of 3,000 to 3,600.

The average estimated cost for a customer-side LSLR is \$8,580 (based on estimated averages) and for a Company-side LSLR the average estimated cost is \$5,950 (based on estimated averages).

¹ The Company's effective Water Tariff defines "lead service pipe" as any service pipe constructed with lead or galvanized pipe located downstream from a service pipe constructed with lead. To the extent the Company's LSLRP includes references to "lead service lines", this term includes service lines constructed with lead or galvanized pipe downstream from a service line constructed with lead.

The estimates are in 2025 dollars (rounded to the nearest \$10) and do not account for cost inflation of either materials, labor or other related items such as permitting, planning, etc.

In addition, the average cost of replacement could increase or decrease as work continues. Factors impacting cost include, but are not limited to: (1) whether work is completed as a part of a main replacement program, in a targeted area, or as a one-off replacement; (2) local ordinances, codes, and requirements; (3) changes in laws, standards, and best practices; (4) local competitive market prices; (5) differences in construction methods and equipment in different areas; (6) property site conditions; (7) scope of work and building conditions for work, if any, performed through building foundation walls and within buildings; (8) any factors impacting material and labor costs such as inflation, strikes, and events affecting the supply chain; and (9) improvements in technology.

The Company has already incurred approximately \$9.28 million to replace over 1,019 customer-owned LSLs from 2020 through February of 2024. Going forward, PAWC estimates that the total cost to replace 46,500 Company and Customer side LSLs is approximately \$414.8M assuming an annual cost escalation of 2%.² Of that amount, approximately \$334.6M is attributable to customer-owned LSLs.³ As noted above, these amounts do include moderate inflation of 2% of the cost of materials and labor and may also vary based on the actual number of LSLs identified throughout this process as well as, among other factors, the manner in which replacement is achieved. For example, replacement of customer-owned LSLs in coordination with a main replacement project or as part of a larger service line replacement project is more efficient (and less costly on a per unit basis) than if the Company is replacing a single customer-owned LSL.

As Pennsylvania-American Water further identifies and inventories service line material, it is anticipated that the number of LSLs originally identified will change.

Based on the foregoing background, the Company's projected annual investment is \$28.3 million (in 2025 dollars).

PAWC will initially fund its LSLRs with short-term debt and will later replace it with a combination of long-term debt and equity capital. PAWC also continuously monitors the availability of grants and low interest loans for which it may be eligible and seeks such funding to reduce the total cost of LSL replacement. Grant money will not impact rates or DSIC. Therefore, will not be counted against annual allowance quantities or dollars. The units will be tracked for reporting purposes but not be held against the annual total allowed.

The Company has the opportunity to seek PENNVEST funding as a source of low interest government loans. PENNVEST is the state financing agency to administer and finance the Clean Water State Revolving Fund, the Drinking Water State Revolving Fund and federal funds sent to the state for water/wastewater infrastructure improvement projects. The Company plans to submit applications to PENNVEST for LSL replacement projects as it has "completed" inventories and knows where the services requiring replacement are located.

The Company will also pursue additional opportunities for which it may be or may become eligible to aid in lowering the total cost of implementing the Plan.

² This assumes 10,000 Company-owned LSLs at a unit cost of \$8,600 and 17,000 customer-owned LSLs at a unit cost of \$7,500.

³ This assumes 17,000 customer-owned LSLs at a unit cost of \$7,500.

Projected Number of LSLRs Per Calendar Year

The Company plans to replace an average range of 2,800 to 4,300 LSLs per calendar year. This projection is based off the Company's expectation that it will annually replace between 2,100 and 3,200 customer-side LSLs and between 700 and 1,100 Company-side LSLs. The Company arrived at this projected figure by reviewing the number of known lead services within each area and estimating 2% of unknown company services and 5% of unknown customer services will be lead or galvanized based on the age of the home and location. The Company also based its projection on the timeline set forth in the EPA's proposed LCRI, which would require achieving 100% LSLR within 10 years of its adoption, which, at this time, is anticipated to be 2027. The projected number of LSLRs per calendar year is consistent with the Company's annual cap of 3,200 on customer-side LSLRs.

Prioritization Criteria Considered When Developing LSLR Schedule

The LSLR Plan prioritizes replacement in conjunction with main replacement, rehabilitation, and relocation projects using the Company's prioritization model. Leaking or damaged service lines will be replaced in line with traditional leak repair activity. LSLs on mains that are not at the end of their useful life and not scheduled for replacement will be replaced at the most efficient time, taking into consideration allocation of resources, minimization of mobilization costs, and limiting community disturbance. Customer requested LSLs will be confirmed and replaced as either part of a main replacement project or during the normal course of work. When applicable, the Company will consider special circumstances in the prioritization and scheduling of LSL replacements, such as a U.S. Department of Housing and Urban Development (HUD) lead remediation program.

Pennsylvania-American Water has created and implemented a Geographic Information System ("GIS") based prioritization model for identifying pipeline replacement and rehabilitation (or renewal) investment needs. The model prioritizes pipeline renewal needs through identification of service risks associated with pipe failure, fire-flow, and water quality risks. Pennsylvania-American Water plans for these pipe renewals on a continuing basis. Pennsylvania-American Water also plans for and completes unscheduled main replacements related to pipes that may not initially be planned for replacement but fail during the year requiring replacement to continue to serve customers. Pennsylvania-American Water also relocates pipe when the pipes are affected by projects planned by governmental and other entities.

In the event a Company-owned service line is leaking or damaged, the Company will replace both the Company-owned service line and the customer-owned service line if it is an LSL.⁴ In the event the Company is informed of a leaking or damaged customer-owned LSL, it will work with the customer to develop an appropriate path forward. In most instances, this will likely result in a one-off replacement.

There are many distribution system pipes that are not at the end of their useful life and are not presently contemplated to be replaced within the next ten years. There are also many situations where the Company main is structurally sound, yet the service lines may have reached the end of their useful life or are at risk of leakage or failure due to age or other circumstances. The Company

⁴ As noted above, replacement of the customer-owned LSL is subject to customer authorization. If a customer refuses to allow Pennsylvania-American Water to replace the customer-owned portion of the service line, the refusal will be documented.

has prioritized LSL replacements without main replacement when municipalities request PAWC to review and replace its infrastructure to accommodate a municipal paving project. This is an opportune time to complete service line replacements (including customer side where lead or galvanized) and is consistent with the goals of the Company to renew aging infrastructure, reduce leakage and prevent road surface issues related to failed underground utility pipes. The Company also collaborates with the affected communities to address road/resurfacing issues. These targeted areas will be prioritized along with mains that have lead goosenecks scheduled for replacements in those areas that have a higher concentration of LSLs as compared to other areas of the PAWC systems. PAWC is planning to complete LSLRs on these mains (without replacing the mains themselves), including the Company-owned portion of the service line and the customer-owned portion of the service line.⁵

There may be instances where the Company cannot coordinate its efforts with road projects. In that case, the Company still plans to perform customer owned LSLR activity as a programmed and planned activity to achieve as many economies of scale as possible in completing LSL replacements. It will begin by targeting communities where there are known clusters of customer-owned LSLs, and then shift to combining work in neighboring communities if appropriate to do so. Nevertheless, as the Company nears the end of the replacement period, there may be situations where a single customer-owned LSL may need to be replaced. In that case, the Company will endeavor to complete the LSL replacement as efficiently as possible.

Processes and Procedures to Address Emergency Repairs or Replacements Which Reveal LSLs

As noted in the section above, the Company will complete LSLRs for leaking or damaged service lines that result in an immediate disruption of service to the customer. In the event a Company-owned service line is leaking or damaged, the Company will replace both the Company-owned service line and the customer-owned service line if it is a LSL and the customer agrees to the replacement. In the event the Company is informed of a leaking or damaged customer-owned LSL, it will work with the customer to develop an appropriate path forward, which will likely result in a one-off replacement.

Process and Procedures to Obtain Acceptance of an LSLR Prior to Project Commencement

The Company's processes and procedures to obtain acceptance of a LSLR prior to LSLR project commencement are the same whether the customer is the property owner or whether the customer is not the property owner.

The first step in the process is the Company will notify the customer or property owner of the material in its service line, the health effects of lead exposure, and ways to reduce lead in drinking water. The Company will then provide to the customer or property owner a consent agreement ("consent agreement"), a two-year warranty of the work, and contact information for a Company representative or a representative from the Company's contractor. A copy of the consent agreement is provided in Appendix 3. If the customer or property owner signs the consent agreement, the Company will schedule a replacement and a contractor will work with the customer or property owner to replace the LSL.

⁵ Again, replacement of the customer-owned LSL is subject to customer authorization. If a customer refuses to allow Pennsylvania-American Water to replace the customer-owned portion of the service line, the refusal will be documented.

If the customer or property owner refuses to sign the consent agreement, the Company will provide the consent agreement, warranty, and contact information to the customer or property owner a second time. The first two attempts to contact the customer or property-owner are in-person attempts. A third attempt to reach the customer or property-owner is made through phone or email contact.

If the customer or property owner is non-responsive despite the Company's efforts, a fourth and final attempt at contact is made when the Company sends the customer or property owner a certified letter with a deadline by which to contact the Company. This letter will indicate to the customer or property owner that failure to respond to, or failure to accept the Company's offer to replace the LSL will result in termination. If the customer or property owner does not contact the Company by the deadline indicated in the certified letter, the Company will add the customer or property owner to a list of non-responsive customers/property owners. The Company will also proceed with termination procedures as outlined in its tariff.

The Company will utilize Step In Rights, pursuant to Section 4.9.1.9 of its tariff, to avoid termination of service when a property owner, who is not the customer, is nonresponsive to the Company's offer to replace a LSL. The Company will use Step In Rights in the following circumstances: (1) when the customer or occupant of the property provides a medical certification signed by a licensed physician, nurse practitioner, or physician's assistant to the Company by fax, email or mail (providing the contact information) and (2) when the Customer provides to the Company a Final Protection from Abuse (PFA) Order. The Company will exercise step in rights to avoid the termination of water service to the customer or occupier of the property in the situations listed above except where in the Company's reasonable judgement would place its workers or utility property at a safety risk and in such instance, the Company may use Step In Rights at its discretion. The Company may also use Step In Rights in the following circumstances: (1) The Company has attempted to contact the property owner with an offer to replace the LSL in accordance with the LSLR Plan, (2) the customer or occupier of the property is not the property owner or the property is vacant and unoccupied, and (3) the Company has attempted to get authorization from the property owner to replace the LSL and (i) the property owner cannot be identified, or (ii) the property owner has not responded to the Company's offer to replace the LSL. When Step In Rights are used by the Company, after the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations in the private home ("Company Restoration Work"). No other restoration will be conducted for the private side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways ("Private Side Restoration Work"), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner. When the Company exercises Step In Rights, the Company's liability shall be limited in the amount, as specified in its tariff, for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgements, losses, costs, expenses, suits and other actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company of its agents in replacing the LSL and/or the Company Restoration Work that the Company is responsible for under its tariff.

Processes and Procedures Based on Acceptance of an LSLR

As described in prior sections, LSLR is prioritized and coordinated with main replacement projects, to the extent possible. Until the service line inventory is finalized, service material may be discovered as part of a main replacement project or during normal service replacements.

When the Company is performing a main replacement project, once the main replacement is completed, the service line work begins by uncovering the curb stop and identifying the service line material. The Company-side service line replacement is installed first from the new main to the curb stop. If the customer or property-owner's service line is lead or galvanized, the Company or its contractor attempts to contact the customer or property-owner and provide them with the consent agreement (See Appendix 3), lead and galvanized information packet, and a water pitcher.

As outlined in the previous section, four attempts are made to contact the customer or property-owner. When the customer or property-owner accepts the replacement, the Company or its contractor replaces the service and provides the customer or property-owner with flushing instructions. The contractor coordinates the replacement with the property owner, tenant (if applicable), plumber, health department (if required), and the Company. See Section VI and Appendix 3 for information provided to the customer or property-owner throughout the LSLR process. Once all of the services in a main replacement project's area have been replaced, the Company will shut down the old main and switch service to the new main.

Pennsylvania-American Water recommends that immediately after the service line is replaced that the house outside hose bibb first be flushed for 30 minutes, immediately followed by a whole house flush for 30 minutes. See Appendix 3 for the flushing instructions PAWC provides to customers and property owners. The whole house flush includes the removal of all faucet aerators and flushing of all operating faucets in the house together for 30 minutes. In instances of lower pressure, the Company may recommend the whole house flush be modified to a first-floor flush. The purpose of the flushing is to flush high velocity water through the pipes to remove particles that may exist in the remaining home plumbing.

Pennsylvania-American Water follows EPA's Lead and Copper Rule Revisions Risk Mitigation Measures, enforced by PA DEP, for all lead and galvanized service replacements including disturbances on service lines characterized as "lead", "galvanized requiring replacement" or "unknown". A water pitcher is provided to the customer with information about the water pitcher and the three-to-six-month sampling process in (See Appendix 3). After a full LSLR, the Company will send a sample offer to the customer as shown on the "3-Month Sampling Offer Postcard" found in Appendix 3.

If the customer chooses to participate in the sampling, the American Water Works Service Company certified laboratory in Bellville, Illinois (the "Lab") will send a sample kit including 2 one-liter bottles, and 3 one-liter sample bags. The customer will follow the sample instructions found on the "LSLR Sampling Instructions" in Appendix 3, and send the 2 one-liter sample bottles back to the Lab using the prepaid label.

The Lab analyzes the 1st and 5th liter samples and provides results to PAWC's Water Quality department. If the results are under the EPA action level, the water quality department sends a letter with the results, health effects language, required definitions, and steps to reduce potential exposure, to the customer as shown on "Water Sample Results Letter" in Appendix 3. If the sample

results are over the EPA action, the Lab will notify DEP and the water quality department within 1 - hour of receiving the results. The Water Quality department will contact the customer within 3 days of receiving the results as required by DEP in the “Risk Mitigation Measures for Water Systems Conducting Lead Service Line Replacement Fact Sheet”, attached in Appendix 3, and PAWC will work with the customer to flush and resample.

During the course of normal service work, the Company may encounter lead or galvanized services on either or both the customer and the Company’s side. If both the Company-side and Customer-side service material is identified as lead or galvanized during an emergency, the Company or its contractor attempts to make immediate contact with the customer or property-owner and will inform the customer or property-owner in these attempted communications that failure to respond or consent to a customer-side lead service line replacement will result in termination of service. If the Company is unable to make contact with the customer or property-owner, the Company replaces the company-side service and will either exercise Step In Rights consistent with its tariff or terminate the customer-side service until such time as the customer or property-owner consents to replacement of the customer-side service. The Company will leave a doorhanger at the premise that informs the customer or property owner of the work performed, the reasons why service was terminated, and steps needed to restore service. The customer or property-owner is provided a water pitcher and information about the health effects of lead by either (1) handing the information directly to the customer or property owner or (2) leaving it at the residence. The Company attempts to obtain a signed agreement for the customer-side replacement as soon as possible. The Company strives to replace both sides of the service on the same day. If the Company-side LSL is discovered in the absence of an emergency and the customer material is identified as lead or galvanized, PAWC will coordinate the replacement with the customer or property owner. The customer or property-owner will be provided with the agreement, the lead/galvanized information packet, and a water pitcher prior to the replacement. After the customer or property-owner's service is replaced, the Company will provide flushing instructions.

During the course of normal service work, if a lead or galvanized line is discovered on the Company-side only, the customer or property owner will be provided with a water pitcher, the lead/galvanized information packet, and flushing instructions prior to the completion of the Company-side replacement, if possible. The Company will replace its LSL.

If a customer with a lead or galvanized service has a leak or requests a replacement sooner than the Company has planned, the Company will work with the customer to obtain a signed consent agreement for the replacement. Upon receiving the signed consent agreement, the Company’s contractor will coordinate the replacement of the customer-side service with the customer. The contractor will provide the customer with a water pitcher, the lead/galvanized information packet, and flushing instructions prior to the completion of the customer-side service replacement. The Company’s contractor will replace the LSL.

In all cases, once a LSL is replaced, the Company updates its service line inventory.

The Company will also provide the customer or property owner with correspondence following the completion of the customer-side LSLR to inform the customer or property owner that the LSLR is complete and provide the start and end date of the two-year limited warranty.

Lead/Material Recycling and Disposal Efforts

The Company does not excavate or remove existing LSLs, rather the Company abandons lead material in-place and installs a new service line. The disposal of the material is at the contractor's discretion. The Company does not receive any proceeds from the disposal of lead material.

Industry-accepted Practices Used to Replace LSLs

The Company employs the industry-accepted practices to replace Company-owned and customer-owned LSLs outlined in the ANSI/AWWA C810-17 standards. The Company will follow its tariff regarding Company and Customer-side lead service replacements. Where applicable, the Company and its contractors will follow local plumbing and health department codes during the replacement of Customer-side services. In accordance with the Commission's regulations to prevent partial service replacements, the Company will implement a termination process for customers who are non-responsive or refuse the Company's offer.

Explanation of How Acquired Water Distribution Systems Will Be Integrated Into Company's Efforts to Complete LSLRs

Upon the acquisition by the Company of a water distribution system, the Company will integrate the acquired system into its efforts to complete LSLRs. To ensure this is achieved, the Company requests the acquired system to provide service line information, including the status of their service line inventory and their Lead Service Replacement Plan, if available. The Company will review and integrate the acquired systems data into PAWC's existing databases.

If the service line inventory was submitted prior to acquisition close, the Company will review the inventory and prioritize any lead or galvanized service replacements identified with main replacement projects or as a service line replacement project.

If service line inventory is not complete, the Company will evaluate service material during meter change outs, if applicable. The new customer base will also have the option to participate in the online customer survey. The goal of these efforts will be to bring the system into compliance with LSLR regulations.

Procedure for Documenting Refusal of, or Failure to Accept, an Offer to Replace a LSL

The Company will attempt to contact the customer or property-owner in person (two attempts) and by phone or email (one attempt) to offer to replace a LSL. If a customer or property owner refuses or is non-responsive to the Company's offers to replace a customer-side LSL, they will receive a certified letter that renews the Company's offer to replace the LSL, and also includes information regarding the health effects of lead exposure, steps to reduce lead, and a deadline to respond to the Company. A copy of the certified letter is included in Appendix 3. The certified letter will additionally advise the customer or property owner that failure to allow the Company to complete the LSLR or to replace the customer-owned LSL concurrent with the Company replacing the Company-owned LSL will lead to termination of water service under the Company's tariff. The certified letter also informs the customer or property owner that, in order to be eligible for reimbursement, they must complete the LSLR within one year of the Company commencing its project. If the customer or property owner does not respond, they will be added to a non-responsive customer/property owner list and the Company will begin the termination process in conformance with its tariff.

The Company provides the customer or property owner with a complete disclosure of the known health hazards from continued use of a LSL. A copy of the disclosure provided by the Company is attached to Appendix 3.

The Company informs the customer or property owner that refusal or failure to accept an offer to replace a LSL will require replacement of the customer-owned LSL, at the customer or property owner's expense, within one year from LSLR projected commencement for the customer or property owner to be eligible for reimbursement. This information is provided to the customer or property owner through the Company's website, tariff, and is included in the certified letter (See Appendix 3). The Company makes reasonable best efforts to assist customers and/or property owners through the reimbursement process and, to the extent possible, makes determinations in favor of the customer/property owner where the customer/property owner has provided reasonable evidence of a LSLR to the Company.

VI. Communications, Outreach, and Education

52 Pa. Code § 65.56(c): The utility shall demonstrate compliance with the EPA regulations at 40 CFR 141.85. The utility's LSLR plan must include copies of all printed and broadcast material to be distributed under its LSLR program. A Class A public utility shall develop a LSLR section of its website within twelve months of Commission approval of its LSLR program.

Pennsylvania-American Water's Communication, Outreach, and Education Plan

Pennsylvania-American Water has a comprehensive plan for communicating with customers regarding lead and drinking water. Copies of all printed and broadcast materials distributed under PAWC's LSLR Program are attached as Appendix 3.

Pennsylvania-American Water has created a webpage on its customer website, <https://www.amwater.com/paaw/> in the Water Quality tab, discussing lead and drinking water. The site includes links to resources such as frequently asked questions, pipe material information, and pitcher filter FAQs. Topics accessible through links on the webpage include water treatment and

corrosion control; results from lead sampling; assessing exposure to lead; minimizing exposure to lead; home treatment for lead; and testing water for lead. Additional information from outside sources is also included on the webpage. The webpage link is: <https://www.amwater.com/paaw/water-quality/Lead-and-Drinking-Water/>

Additionally, the Company's website has an online tool describing the replacement schedule by geographic location, at least six months into the future. The online tool is accessible under our Lead Service Line Replacement Site on our Lead and Drinking Water/Lead Service Line Replacement Program webpage at: <https://storymaps.arcgis.com/stories/620f62324ded477db7b863026f46d666>

The Company's website also provides information regarding its reimbursement requirements as well as secure online tools that provide customers or property owners the ability to determine reimbursement eligibility. The reimbursement information is found at under the Lead Service Line Replacement Site on our Lead and Drinking Water/Lead Service Line Replacement Program webpage : <https://forms.office.com/pages/responsepage.aspx?id=-Yw3NcDa8EWExxv7mCB7WX-Ald9edYVAhL9lxvVo5QdUNTUwR1dW0EJNmzJZWVRHNUwzQVhUUVZRVi4u&origin=lprLink>

The Company's website contains an interactive map that provides the ability to determine whether a property may have a LSL, delineating the known or reasonably anticipated material types for the Company-owned and customer-owned portions of the service line. A customer can request assistance through the map's customer survey or by calling the Company's toll-free customer service number. The map is accessible at:

<https://paaw.maps.arcgis.com/apps/webappviewer/index.html?id=f8933d006e16455f938e62d60f5e955e>

The Company also provides on its website information and resources relating to health risks associated with lead and LSLs, the status of current efforts to replace LSLs, and community meetings and advisory committees hosted by the Company. This information is found at the following link: <https://www.amwater.com/paaw/water-quality/Lead-and-Drinking-Water/lead-service-line-replacement-program>

Pennsylvania-American Water communicates the availability of its lead webpage and additional resources through a vigorous outreach plan to notify all customers. The Company shares these resources with customers through the following methods:

- Statewide press releases
- The webpage is featured on the Company's homepage in the rotating banner
- Regular bill inserts in all customer bills (See Appendix 3)
- Share engaging content for the Company's social media platforms
- Digital education campaigns that include engaging social media posts with the call to action to encourage customers to view the map and resources recently created.
- Multiple informative videos posted on social media and website and will support digital education campaign
- E-newsletter(s) sent to elected officials in the communities served by Pennsylvania American Water.
- Stakeholder website dedicated to requesting support from our local municipality leaders and elected officials.

- Annual notification to customers served by an unknown, lead, or galvanized requiring replacement service line as required by EPA Lead and Copper Rule Revisions.

Pennsylvania-American Water's comprehensive communication plan for informing customers about project work and about lead and drinking water also informs customers about lead service lines, and steps for identifying and replacing lead services lines in conjunction with Pennsylvania-American Water work. In conjunction with scheduled utility work, Pennsylvania-American Water mails or otherwise delivers to affected customers a communication that describes service lines and service line replacements. This communication also advises customers that PAWC will contact them to discuss replacing their service line if it is discovered that their service line is a lead service line. Pennsylvania-American Water also provides to customers information which describes utility owned and customer owned service lines, along with steps of service line material investigation, further communications, an overview of the LSL replacement program, frequently asked questions with answers, and further information about lead and drinking water.

APPENDIX E. Revised *Pro Forma* Tariff
(Exhibit B to LSLRP Petition)

EXHIBIT B

PENNSYLVANIA-AMERICAN WATER COMPANY
(hereinafter referred to as the "Company")

D/B/A

Pennsylvania American Water

RATES, RULES AND REGULATIONS

GOVERNING THE DISTRIBUTION AND SALE OF

WATER SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED ADJACENT THERETO IN:

ADAMS, ALLEGHENY, ARMSTRONG, BEAVER, BERKS, BUCKS,
BUTLER, CENTRE, CHESTER, CLARION, CLEARFIELD, CLINTON, COLUMBIA,
CUMBERLAND, DAUPHIN, FAYETTE, INDIANA, JEFFERSON, LACKAWANNA,
LANCASTER, LAWRENCE, LEBANON, LUZERNE, MCKEAN, MONROE, MONTGOMERY,
NORTHAMPTON, NORTHUMBERLAND, PIKE, SCHUYLKILL, SUSQUEHANNA,
UNION, WARREN, WASHINGTON, WAYNE, WYOMING, AND YORK COUNTIES.

Issued:

Effective:

Issued by:
Justin Ladner, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

<https://www.amwater.com/paaw/>

NOTICE

This tariff supplement modifies rules and regulations regarding Company replacement of lead service pipes.

(Refer to pages 1, 2, 4, 5, 47.1, 47.2 and 47.3.)

LIST OF CHANGES

This tariff supplement modifies rules and regulations regarding Company replacement of lead service pipes, as approved by the Pennsylvania Public Utility Commission at Docket No. P-2024-xxxxxx.

Issued:

Effective Date:

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PENNSYLVANIA-AMERICAN WATER COMPANY

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RULES AND REGULATIONS

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4.9.1.1

(C)

Notwithstanding Rules 2.11, 2.12, 2.14 and 4.9, the Company shall, provided that the **property owner or customer consents**, replace Lead Service Pipes pursuant to **[language deleted]** of its Lead Service **Line** replacement plan (Replacement Plan), subject to a budgeted allotment of **\$35.0** million per year for all lead Service **Pipe** replacements under its Replacement Plan. The Company will replace Lead Service Pipes it encounters when replacing its mains and/or Service Lines up to **3,200** Lead Service Pipe replacements per year within a maximum amount of approximately **\$35.0** million per year. The 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 Company's budgeted allotment of **\$35.0** million per year. Lead Service Pipe replacements performed **in conjunction with the Company's main and/or Service Line replacements [language deleted]** will have priority on the use of funds under the annual budget allotment and, therefore, in any year, funds will be used for Lead Service Pipe replacements **at a Customer or property owner's request [language deleted]** only to the extent that funds are available within the budget allotment and are not allocated to **[language deleted]** replacements planned **in conjunction with the Company's main and/or Service Line replacements** for that year. Portions of the annual budget allotment of **\$35.0** million that are not expended on Lead Service Pipe replacements under **[language deleted]** of the Replacement Plan in a year will roll-over to the next subsequent year, but use of the roll-over funds will still be subject to the requirement that priority be given to **[language deleted]** replacements **made in conjunction with the Company's main and/or Service Line replacements**. If the Company does not use the excess budgetary allotment in the subsequent year, the excess budgetary allotment will not carry forward into the following year, i.e. excess budgetary allotments will not carryforward on a cumulative basis, subject to the cap on the number of Lead Service Pipe replacements per year. **To the extent the Company is able to secure grant funding for Lead Service Pipe replacements, those services shall not count toward the cap in either funding or quantity.** The Company may, but shall not be required, to petition the Commission for approval to modify its annual budget allotment of **\$35.0** million if the Company, in its sole discretion, determines that its annual budget allotment no longer meets the future needs of administering **[language deleted]** the Replacement Plan. However, no change may be made without prior Commission approval. After a Lead Service Pipe is replaced by the Company, the Customer shall own the Service Pipe and shall have full responsibility for the repair, replacement and maintenance of the new Service Pipe, which, upon installation, shall thereafter be subject to the terms of Rules 2.12, 2.14 and 4.9.

4.9.1.2

(C)

The Customer shall enter into an Agreement for Replacement of Lead Service Pipe, in a form provided by the Company, prior to the initiation of any work by the Company to replace a Customer's Service Pipe. The Company will provide a two-year warranty on workmanship and materials for any Customer Lead Service Pipes it replaces. **The two-year warranty will also include any restoration of surfaces performed by the Company in conjunction with the Lead Service Pipe replacement. Restoration of surfaces refers to excavations that have been backfilled and grade that has been returned to level. The Company is not responsible for replacing sidewalks, stone or asphalt driveways, or landscaping outside of a right-of-way. The start date of the two-year warranty shall be when the Lead Service Pipe replacement is placed into service and turned over to the customer or property-owner at the completion to the Lead Service Pipe replacement.**

The maximum coverage under the two-year warranty shall be limited to the actual cost of repairing the Lead Service Pipe and/or water meter pit, if applicable.

The Company shall not be liable for any damages not covered by the warranty or beyond the maximum coverage of the two-year warranty as described in Section 4.9.1.2.

If a repair is required and covered under the warranty, the customer or property-owner shall ensure that the Company and/or its contractor has access to the property to complete the repair.

(C) means Change

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RULES AND REGULATIONS

4. Service Pipes (cont'd)

4.9.1.3

(C)

[language deleted] Neither a Customer nor a property-owner may install a partial Lead Service Pipe Replacement. A partial Lead Service Pipe Replacement will result in termination of service until such time as the Company can replace the lead Service Line.

The Company shall not connect an Applicant for water service to the Service Line at a property where a Customer or property owner previously refused or failed to accept the Company's offer of a Lead Service Pipe Replacement until the Applicant verifies the replacement of the Lead Service Pipe by providing a paid invoice from a licensed contractor where applicable or a verified statement from a licensed contractor attesting to the completion of the Lead Service Pipe Replacement.

4.9.1.4

(C)

The Company will provide a 10-cup filtered water container to [language deleted] Customers who authorize (or if the Customer occupies a rental property, the property-owner has [language deleted] authorized) [language deleted] the Company to replace their LSPs [language deleted] as part of the Company's Replacement Plan. [language deleted].

4.9.1.5

(C)

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 a detailed estimate and paid invoice from a licensed contractor where applicable, verifying the replacement of the customer owned Lead Service Pipe, [language deleted] 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. Instead of a detailed estimate, a verified statement from the contractor attesting to completion of a Lead Service Pipe Replacement may be sufficient. A Lead Service Pipe project is a Company-scheduled Lead Service Pipe replacement activity either in conjunction with main replacements or as part of the Company's Replacement Plan. 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 [language deleted] service replacement projects to perform grouped work activity, whichever is sooner. A Lead Service Pipe project area is the area encompassing the Company's scheduled Lead Service Pipe Replacement activities, which includes the area within a 1-mile radius of a Lead Service Pipe project if served by the Company. Reimbursements will be provided to customers or property owners through check mailed to the customer or property owner within thirty days after the Company approves the request of the Customer or property owner for reimbursement. Customers or property owners that (1) do not provide the required documentation, (2) are outside of the Lead Service Pipe project area, or (3) seek reimbursement for a replacement that occurred more than one year before or after the Company commenced the Lead Service Pipe project will be ineligible for reimbursement.

Notwithstanding the annual cap in Section 4.9.1.1, the Company shall provide reimbursement to an eligible Customer or property owner within thirty days after the Company approves the request for reimbursement. If the reimbursement would cause the Company to exceed its annual cap in Section 4.9.1.1, the Company must increase its annual cap by the amount of the reimbursement and decrease its next annual cap by this amount.

(C) means Change

Issued:

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PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

4. Service Pipes (cont'd)

4.9.1.6

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.

4.9.1.7

Through the Replacement Plan, the Company will perfect any ownership discrepancies regarding the Service Line and the Service Pipe, so that the Customer will own the Service Pipe and the Company will own the Service Line. This will occur by the Customer and the Company executing a Lead Water Service Line Replacement consent agreement which establishes the Customer's and Company's respective ownership and responsibilities regarding the Service Pipe and Service Line.

4.9.1.8

If a shutoff valve is not located along a specific length of pipe within a structure, the Company may, at its discretion, install a shutoff valve to serve as a point of demarcation between the property's service line and the property's interior water distribution piping.

4.9.1.9

A. Step In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step In Rights means the right of the Company to avoid termination of service when a property owner who is not the customer is nonresponsive to the Company's offer to replace a Lead Service Pipe which can no longer be used pursuant to Section 4.1.

The Company can utilize Step In Rights in the following circumstances:.

- 1. The Company has attempted to contact the property owner with an offer to replace the Lead Service Pipe in accordance with the Company's Replacement Plan.**
- 2. The Customer or the occupier of the property is not the property owner or the property is vacant or unoccupied.**
- 3. The Company has attempted to get authorization from the property owner to replace the Lead Service Pipe and (1) the property owner cannot be identified, or (2) the property owner has not responded to the Company's offer to replace the Lead Service Pipe.**

B. Circumstances Where the Company Must Use Step-In Rights.

- 1. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer or occupant of the property provides a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information).**
- 2. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer provides to the Company a Final Protection From Abuse (PFA) order.**
- 3. The Company shall use Step In Rights to avoid the termination of water service to the Customer or the occupier of the property in the situations listed above except where in the Company's reasonable judgement replacement would place its workers or utility property at a safety risk and in such instance, the Company may use Step In Rights at its discretion.**

C. When Step In Rights are used by the Company, after the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations in the private home ("Company Restoration Work"). No other restoration will be conducted for the private side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways ("Private Side Restoration Work"), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Company exercises Step In Rights, the Company's liability shall be limited to the amount in

Section 15 for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suits and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company or its agents in replacing the Lead Service Pipe and/or the Company Restoration Work that the Company is responsible for under subsection 4.9.1.9 (C) above.

Issued:

Effective Date:

APPENDIX F. Statement in Support of Pennsylvania-American Water Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE ADMINISTRATIVE LAW JUDGE
CHARECE Z. COLLINS**

PETITION OF PENNSYLVANIA-AMERICAN WATER COMPANY FOR APPROVAL OF A LEAD SERVICE LINE REPLACEMENT PROGRAM, RELATED TARIFF CHANGES, AND MODIFICATION OF LONG-TERM INFRASTRUCTURE IMPROVEMENT PLAN	: : : : : : : :	DOCKET NO.: P-2024-3050263
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**STATEMENT OF PENNSYLVANIA-AMERICAN WATER
COMPANY IN SUPPORT OF THE JOINT PETITION FOR
APPROVAL OF SETTLEMENT OF ALL ISSUES**

Pennsylvania-American Water Company (“PAWC” or the “Company”) files this Statement in Support of the Joint Petition for Approval of Settlement of All Issues (“Settlement”), entered into by PAWC, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (singularly, a “Joint Petitioner” and collectively, the “Joint Petitioners”) in the above-captioned proceeding. PAWC respectfully requests that the Honorable Administrative Law Judge Charece Z. Collins (the “ALJ”) recommend approval of, and that the Pennsylvania Public Utility Commission (“Commission”) approve, the Settlement, including all terms and conditions thereof, without modification.

I. INTRODUCTION

On July 22, 2024, PAWC filed a Petition for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan (“LSLRP Petition”). The Settlement pertains to the LSLRP Petition.

The Settlement, if approved, will resolve all of the issues raised in this proceeding. The Settlement is in the public interest and, accordingly, should be approved.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm’n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

The Settlement resolves all issues in this proceeding. The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and satisfies the various requirements of the Code. For these reasons, and the reasons set forth below, the Settlement is in the public interest and should be approved without modification.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Approval of the Petition

Act 120, which was signed into law on October 24, 2018, amended Section 1311(b) of the Pennsylvania Public Utility Code (“Code”) to address replacement of lead service lines (“LSLs”)

as well as the recovery of costs associated with such replacement. On March 14, 2022, the Commission entered a Final Rulemaking Order at Docket No. L-2020-3019521 (“Final Rulemaking Order”) which adopted the Commission’s regulations concerning LSL replacement (“LSLR”) at 52 Pa. Code §§ 65.51 *et seq.* (“LSLR Regulations”). The LSLR Regulations became effective on July 23, 2022.

The LSLR Regulations direct that a utility that received prior Commission approval to perform LSLR activities shall submit for Commission approval and file under 52 Pa. Code § 65.55(b) a LSLR program within two years of the effective date of 52 Pa. Code § 65.61. By Order entered on October 3, 2019 at Docket No. P-2017-2602100, the Commission previously granted PAWC permission to perform LSLR activities. PAWC filed its LSLRP Petition in a timely manner.

PAWC’s LSLRP Petition includes a LSLR Program that complies with 66 Pa. C.S. § 1311(b), 52 Pa. Code § 53.52(a), the LSLR Regulations, and the Commission’s Final Rulemaking Order entered on March 14, 2022 at Docket No. L-2020-3019521. As described in detail below, consistent with applicable law, the LSLR Program includes a LSLR Plan, a modified Long-Term Infrastructure Improvement Plan (“LTIIP”) containing the LSLR Plan as a separate and distinct component, a *pro forma* tariff supplement, and the information required by 52 Pa. Code § 53.52(a). PAWC’s LSLR Program, as modified by the Settlement, is in the public interest because it seeks to continue PAWC’s efforts to replace company-owned and customer-owned LSLs and to comply with the Commission’s LSLR Regulations. PAWC’s LSLR Program will allow the Company to address LSLs in its system in an efficient manner to address the recognized health risks posed by lead in drinking. Accordingly, PAWC’s LSLRP Petition should be approved.

B. Approval of the Plan

1. Service Line Inventory

As part of PAWC's LSLRP Petition, it included its LSLR Plan. PAWC's LSLR Plan meets the requirements listed in 52 Pa Code § 65.56. As mandated by 52 Pa. Code § 65.56(a), PAWC's LSLR Plan includes, in its Appendix 1, a service line inventory that complies with Environmental Protection Agency ("EPA") regulations at 40 CFR 141.1-143.20, as enforced by the Pennsylvania Department of Environmental Protection ("DEP"). The Company's LSLR Plan identifies the assumptions in its service line inventory in compliance with 52 Pa. Code § 65.56(a)(4). The Settlement commits PAWC to prospectively provide zip code information in its service line inventory, which can be used to identify service lines that have been inventoried and those identified as LSL or galvanized requiring replacement ("GRR").

2. Planning and Replacements

Section V of the Company's LSLR Plan includes its projected annual investment in LSLRs, with an explanation of its anticipated sources of financing in compliance with 52 Pa. Code § 65.56(b)(1). The Settlement commits PAWC to continuing to use, and further exploring the use of PENNVEST funding and other sources of low-cost/no cost financing for its LSLR Program.

In compliance with 52 Pa. Code § 65.56(b)(2), PAWC's LSLR Plan also provides a projected number of LSLRs per calendar year, an explanation regarding how the projection was determined and an affirmation that the number is consistent with PAWC's annual cap on LSLRs. In the Settlement, PAWC agreed, in accordance with the EPA's Lead and Copper Rule Improvements, to complete replacement of all lead service lines identified through its service line inventory by December 31, 2027, or such other date as modified by the EPA or DEP.

PAWC's LSLR Plan outlines the prioritization criteria considered by the Company when developing its LSLR schedule, as required by 52 Pa. Code § 65.56(b)(3). In the Settlement, PAWC commits to utilizing the DEP's PennEnviroScreen tool to identify environmental justice areas for targeting inventory and replacement.

PAWC's processes and procedures to address emergency repairs or replacements which reveal LSLs are included in Section V of its LSLR Plan as required by 52 Pa Code § 65.56(b)(4). The Settlement commits PAWC, for emergency LSLRs, to provide to the customer or property owner the consent agreement, lead and galvanized information packet, and water pitcher as far in advance of performing the emergency LSLR as practically possible.

As required by 52 Pa. Code § 65.56(b)(5), PAWC's processes and procedures to obtain acceptance of a LSLR prior to LSLR project commencement if the customer is or is not the property owner are outlined in Section V of its LSLR Plan. The Settlement requires PAWC to use its best efforts to provide to a customer or property-owner the consent agreement, water pitcher, and lead and galvanized information packet at least ten (10) days before a planned LSLR is performed.

Section V of PAWC's LSLR Plan complies with 52 Pa. Code § 65.56(b)(6) by providing information on the Company's processes and procedures (under normal and atypical conditions) based on acceptance of a LSLR including (a) the consent agreement form by which the customer or property owner will authorize the LSLR; (b) a description of the Company's process for coordinating with the customer or property owner and the information provided by the Company throughout the LSLR process; and (c) PAWC's process for addressing LSLR completion or closeout.

The Settlement provides that, following completion of PAWC's LSL projects in a project area set forth in the LSLR Plan, if the Company finds a customer-owned LSL in said completed project area, the Company will provide information detailing the address and zip code, number of customer-owned service pipes, and the replacement date in the Company's next Annual Asset Optimization Plan ("AAOP") that is filed with the Commission and served on the statutory advocates. PAWC also commits, in the Settlement, to serving its AAOP on the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania ("CAUSE-PA"). Further, the Settlement requires that PAWC's AAOP, starting in 2026, will report, by zip code, the number of LSLs replaced in the preceding year.

As required by 52 Pa Code §§ 65.56(b)(7)-(9), PAWC's LSLR Plan also includes its lead/material recycling and disposal efforts, industry accepted practices that PAWC uses to replace LSLs, and a detailed description of how PAWC's acquisition of water distribution systems will be integrated into its efforts to complete LSLRs throughout its system.

PAWC's LSLR Plan complies with 52 Pa. Code § 65.56(b)(10) by including a procedure for documenting refusal of, or failure to accept, the Company's offer to replace a LSL. PAWC's process includes (a) providing the customer or property owner with a complete disclosure of known health hazards from the continued use of a LSL, (b) informing the customer or property owner that failing or refusing to accept the LSLR will require replacement of the customer-owned LSL at the customer or property-owner's expense within one year from the LSLR project commencement to be eligible for reimbursement, and (c) communicating to the customer and property owner that failure to allow PAWC to complete the LSLR or replace the customer-owned LSL concurrent with PAWC replacing the company-side LSL will lead to termination of service under PAWC's tariff.

3. Communications, Outreach and Education

PAWC's LSLR Plan meets the requirements of 52 Pa. Code § 65.56(c)(1) by including copies of all printed and broadcast material to be distributed under the Company's LSLR Program. These materials are included in Appendix 3 to the LSLR Plan. The Settlement commits PAWC to adding translation service notations the same as found in PAWC's LSLRP Petition's Exhibit A, Appendix 3, page 10 to all documents provided as part of PAWC's LSLRP Petition and to its website related to LSLR material. This Settlement term will make these materials available to customers or property owners in English, Spanish, Portuguese, Gujarati, Hindi, Italian, Korean, Polish, Tagalog, Traditional Chinese, German, Arabic, Farsi, and Russian. The Settlement also commits PAWC to provide its customers with a written instructions page for its chosen pitcher filter product in English and Spanish, with an additional page containing the same translation service notations referenced above.

In compliance with 52 Pa. Code § 65.56(v)(2), Section VI of PAWC's LSLR Plan includes a link to the LSLR section of its web site, which contains (a) an online tool describing the replacements schedule by geographic location at least six months into the future, (b) information regarding reimbursement requirements and a secure online tool that provides customers or property owners the ability to determine if they may be eligible for reimbursement, (c) information that provides the ability to determine whether the property may have a LSL, and (d) information and resources relating to the health risks associated with lead and LSLs, the status of current efforts to replace LSLs, and community meetings and advisory committees hosted by the Company.

The Settlement commits PAWC to sharing with the OCA and OSBA all documents provided as part of PAWC's LSLR Program promptly after such materials are finalized or updated by the Company and used in connection with PAWC's LSLR Plan.

PAWC's LSLR Plan is in the public interest and should be approved because it contains all of the elements required by the LSLR Regulations. As modified by the Settlement, PAWC's LSLR Plan incorporates additional enhancements which promote greater customer outreach, which may in turn lead to greater participation in the LSLR Program, which is also in the public interest. These terms in the Settlement are in the public interest as they make information regarding PAWC's LSLR Program more widely available and accessible. Additionally, the Settlement terms promote greater transparency into PAWC's LSLR Program and will aid the statutory advocates in obtaining information regarding PAWC's progress in completing its LSLR Program. For the reasons stated above, PAWC respectfully requests that the ALJ recommend approval of, and the Commission approve, PAWC's LSLR Plan, as modified by the Settlement.

C. Tariff Supplement

As part of its LSLRP Petition, and revised by the Settlement, PAWC included a *pro forma* tariff supplement to Tariff Water-PA P.U.C. No. 5 ("Pro Forma Tariff"), which sets forth proposed tariff changes in compliance with 52 Pa. Code § 56.58. Section 4.9.1.1 to PAWC's Pro Forma Tariff includes a cap on the number of customer-owned LSLs that can be replaced annually as required by 52 Pa. Code §56.58(a). As required by 52 Pa. Code § 65.58(b)(1), PAWC's effective water tariff includes a definition consistent with 52 Pa. Code § 65.52 for customer-owned LSL for the purposes of PAWC's LSLR Program. As permitted under 52 Pa. Code § 65.58(b)(2), PAWC specifies in Section 4.9.1.8 of its Pro Forma Tariff that if a shutoff valve is not located along a specific length of pipe within a structure, PAWC may install a shutoff valve to serve as a point of demarcation between the property's service line and the property's interior water distribution piping. PAWC's Pro Forma Tariff Section 4.9.1.2 contains the process by which PAWC perfects its ownership of the portion of the service line located within the then-existing right-of-way to

ensure PAWC can obtain necessary permits during the planning phase of a LSLR project, as required by 52 Pa. Code § 65.58(b)(3).

PAWC complies with the requirements of 52 Pa Code § 65.58(c)(1) by including Section 4.9.1.3 of PAWC's Pro Forma Tariff, which specifies in that neither a customer nor a property owner may install a partial LSLR, and that a partial LSLR will result in termination of service until such time as PAWC can replace the entity-owned LSL under 52 Pa. Code § 65.62.

Section 4.9.1.6 of PAWC's Pro Forma Tariff requires that if a customer or property owner elects to replace the customer-owned LSL, the customer or property owner shall replace the customer-owned LSL concurrent with PAWC replacing the Company-owned LSL, subject to the customer or property owner providing PAWC at least 90 days' notice prior to replacing the customer-owned LSL, which satisfies the requirements of 52 Pa. Code § 65.58(c)(2).

As permitted by 52 Pa. Code § 65.58(c)(3), Section 4.9.1.9 of PAWC's Pro Forma Tariff establishes the process to address replacement of a customer-owned LSL to avoid termination when a property owner, who is not the customer, is non-responsive to PAWC's offer to replace a customer-owned LSL. The Settlement commits PAWC to including a section in its Pro Forma Tariff providing Step In Rights to address replacement of customer-owned LSLs to avoid termination of service when a property owner, who is not the customer, is nonresponsive to PAWC's offer to replace the private-side LSL. Section 4.9.1.9 of PAWC's Pro Forma Tariff contains the language agreed to in the Settlement outlining Step In Rights. The Settlement also includes a term that PAWC will provide a customer or occupant of the property three (3) business days to provide a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information) to

avoid shutoff of utility service where the property owner who is not the customer is non-responsive to the Company's offer to replace the private-side LSL.

As required by 52 Pa Code § 65.58(c)(4), Section 4.9.1.3 of PAWC's Pro Forma Tariff contains provisions that PAWC shall not connect an applicant for water service to a Company-owned service line at a property where a customer or property owner previously refused or failed to accept PAWC's offer of a LSLR until the applicant verifies the replacement of the customer-owned LSL by providing a paid invoice from the licensed contractor where applicable or a verified statement from a licensed contractor attesting to completion of the LSLR.

PAWC's Pro Forma Tariff complies with the reimbursement requirements under 52 Pa. Code § 65.58(d): Section 4.9.1.5 of PAWC's Pro Forma Tariff addresses reimbursements to eligible customers or property owners who replace their LSL within 1 year before or from LSLR project commencement. PAWC's Pro Forma Tariff also includes language explaining its reimbursement terms and conditions, and contains (1) an explanation of PAWC's method for determining the amount of reimbursement, (2) an explanation of PAWC's reimbursement methods, and (3) an explanation of PAWC's method for determining eligibility providing that (a) a customer or property owner located within a LSLR project area is eligible for reimbursement of LSLR expenses up to 125% of the average cost the entity would have incurred to perform the replacement of a similarly-sized service line, not to exceed actual cost, and (b) a customer or property owner shall submit to PAWC a detailed estimate or verified statement and paid invoice from a licensed contractor were applicable, verifying the replacement of the customer-owned LSL. Section 4.9.1.5 of PAWC's Pro Forma Tariff additionally explains that if the reimbursement causes PAWC to exceed its annual cap, PAWC will increase its current annual cap by the amount of the reimbursement and decrease its next annual cap by this amount.

PAWC's Pro Forma Tariff complies with the warranty requirements under 52 Pa. Code § 65.58(e): Section 4.9.1.2 of PAWC's Pro Forma Tariff provides a warranty on LSLR work performed by PAWC or its contractor of a term of not less than 2 years. PAWC's warranty provisions (1) define the start of the two year period, (2) ensure the materials and workmanship of the replacement and restoration are covered, (3) define the maximum coverage amounts under the warranty, (4) explain any liability PAWC will have for damages not covered by the warranty, and (5) ensure PAWC access to the property to correct any deficiencies.

PAWC's LSLRP Petition also included the supporting data required by 52 Pa. Code § 53.52(a) as Exhibit D, which meets the requirements of 52 Pa. Code § 65.55(b)(3).

PAWC's Pro Forma Tariff, as modified by the Settlement, is in the public interest. It meets all of the requirements of the LSLR Regulations. The Step In Rights provisions agreed to in the Settlement reflect a balance of the interests of the Company and its customers, and permits LSLRs to occur in instances when the customer, without fault, is unable to provide the consent for a LSLR. For the above reasons, the Company respectfully requests that the ALJ recommend approval of, and the Commission approve, PAWC's LSLRP Petition and direct PAWC, pursuant to 52 Pa. Code § 65.55(b)(3), to submit the Pro Forma Tariff and items required by 52 Pa. Code § 53.52(a), to the Commission pursuant to 66 Pa. C.S. § 1308.

D. Approval of Modified LTIP

PAWC's LSLRP Petition included as Exhibit E a copy of a modified LTIP that incorporates PAWC's LSLR Plan as a separate and distinct component of its LTIP. PAWC's LSLRP Petition complies with 52 Pa. Code § 65.54(b). The ALJ should recommend approval of, and the Commission should approve, PAWC's modified LTIP because it complies with the Commission's LSLR Regulations.

III. CONCLUSION

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all issues in the proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of the LSLRP Petition, discovery responses, and extensive settlement negotiations. A fair and reasonable compromise has been achieved in this case, as is evidenced by the fact that all the parties to the proceeding have either agreed to or not opposed the resolution of the issues. PAWC fully supports the Settlement and urges the ALJ and the Commission to approve it without modification.

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the Honorable Administrative Law Judge Charece Z. Collins recommend approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the Settlement.

Respectfully submitted,



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Dated: March 31, 2025

APPENDIX G. Statement in Support of the Office of Consumer Advocate

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pennsylvania-American :
Water Company for Approval of its : Docket No. P-2024-3050263
Lead Service Line Replacement Program :

STATEMENT OF SUPPORT
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On July 22, 2024, Pennsylvania-American Water Company, Inc, (PAWC or Company) filed with the Pennsylvania Public Utility Commission (Commission) a Petition for Approval of its Third Long-Term Infrastructure Improvement Plan (Petition), which included a Lead Service Line Replacement Program (LSLR Program) as a separate and distinct part of its Long-Term Infrastructure Improvement Plan (LTIIP) under Docket No. P-2024-3050263.

On August 7, 2024, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Public Statement. On August 21, 2024, the Office of Consumer Advocate (OCA) filed a Notice of Intervention and Public Statement. On September 25, 2024, the OCA filed an Amended Notice of Intervention and Public Statement in which it requested that the matter be transferred to the Office of Administrative Law Judge (OALJ).

On October 3, 2024, the Commission assigned the Company's Petition to OALJ. Additionally, on October 3, 2024, the OALJ issued a Notice scheduling a Call-In Telephonic Prehearing Conference for October 15, 2024, and ALJ Ashton issued a Prehearing Conference

Order setting forth the parties' obligations with respect to the Prehearing Conference and directing the parties to prepare and distribute prehearing memorandums by October 10, 2024.

On October 15, 2024, the Prehearing Conference was held, at which time ALJ Ashton approved the request of PAWC, OCA, and OSBA to delay the establishment of a litigation schedule to allow them to pursue settlement discussions and negotiations. On October 17, 2024, ALJ Ashton issued Prehearing Order #2 which directed PAWC, OCA and OSBA to deliver a status report on the progress of their settlement discussions on November 18, 2024.

On November 14, 2024, a Call-In Telephone Prehearing Conference Notice was issued scheduling a prehearing conference for December 17, 2024. On November 18, 2024, the parties submitted a status report noting that parties were continuing to engage in settlement negotiations. On December 17, 2024, the Prehearing Conference was held, at which time the Joint Petitioners requested to further delay the establishment of a litigation schedule and to continue settlement discussions for an additional sixty days. ALJ Ashton orally approved the request at the Prehearing Conference.

On December 17, 2024, the Prehearing Conference was held, at which time the Joint Petitioners requested to further delay the establishment of a litigation schedule and to continue settlement discussions for an additional sixty days. ALJ Ashton orally approved the request at the December 17, 2024 Prehearing Conference. On December 18, 2024, the ALJ issued a Prehearing Order directing the Joint Petitioners to deliver a status report on the progress of their settlement discussions on January 17, 2025. On January 17, 2025, the parties submitted a second status report noting that parties were continuing to engage in settlement negotiations. On January 23, 2025, a Judge Addition Notice was issued to the parties noting that ALJ Ashton and ALJ Collins are the presiding officers in this proceeding. On February 13, 2025, a Judge Change – Assignment Notice

was issued on February 13, 2025 noting that ALJ Collins will be responsible for resolving any issues which may arise during the preliminary phase of the proceeding.

On February 14, 2025, counsel for PAWC e-mailed ALJ Collins to inform her that the parties have reached an agreement on settlement terms in this proceeding. The parties requested that they be provided 45 days to submit a Joint Petition for Settlement. Also on February 14, 2025, ALJ Collins approved the parties' request via e-mail and instructed the parties to file a Joint Petition for Settlement, including Statements in Support, no later than March 31, 2025.

The OCA, one of the signatory parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest.

II. STATEMENT IN SUPPORT

In its prehearing memorandum, the OCA specified the following issues under investigation for PAWC's LSLR program: (1) service line inventory; (2) prioritizing lead service line replacements; (3) emergency repairs and replacements; (4) process and procedures to obtain acceptance of a lead service line replacement; (5) publicly accessible website; (6) PAWC's proposed monetary annual cap to limit lead service line replacements; (7) reimbursement to customers; and (8) customer outreach (9) tariff "step-in" rights for non-responsive property owners who are not the customer. OCA Prehearing Memorandum at 2.

The proposed LSLR Program and plan will allow the Company to recover the costs for LSL replacements, both Company-owned and customer-owned, through its base rates and DSIC. 66 Pa. C.S. § 1311(b)(2). For customers, the LSLR Program has the potential to provide both financial and public health benefits.

Section 1311(b)(2) of the Public Utility Code provides a process to eliminate the individual financial burden for replacing customer-owned lead service lines by recovering those costs over the Company's entire customer base. If a customer could not have otherwise afforded the

replacement of the line, the customer will be able to maintain essential water service. The lead service line also poses a direct health risk to customers. An LSLR Program can protect public health by helping to ensure the timely removal of the customer-owned lead service lines.

A. Language Access (Settlement ¶ 21)

PAWC's LSLR Program initially included translation service notations on some of PAWC's notices to customers. *See* PAWC Exh. A, App. 3 at 10. Under the Settlement, PAWC will add translation service notations the same as those found in Exhibit A, Appendix 3 page 10 (relating to English, Spanish, Portuguese, Gujarati, Hindi, Italian, Korean, Polish, Tagalog, Traditional Chinese, German, Arabic, Farsi, and the addition of Russian) to (1) all documents provided as part of the Company's Lead Service Line Replacement Program; and (2) its website related to all LSLR material. Settlement ¶ 21. Additionally, PAWC will provide customers a written instructions page for its chosen pitcher filter product in English and Spanish and with the additional page containing the same translation service notations in all languages listed herein. *Id.*

These Settlement provisions go beyond PAWC's initial LSLR Program materials regarding the Company's outreach to ratepayers who do not understand English. Ensuring that PAWC's customers can understand PAWC's written communication material on this important public health issue was a serious concern of the OCA in negotiating this Settlement. Moreover, sharing important communications materials regarding public health with the statutory advocates ensures reasonable review by interested parties. The Settlement's language access provisions enhance the Company's communication efforts regarding this important public health issue.

B. Communication Materials (Settlement ¶¶ 22-23)

Under the Settlement, if the customer or property-owner's service line is lead or galvanized, when the LSL is discovered, the Company has committed itself or its contractor to attempt to contact the customer or property-owner and provide them with a consent agreement, a lead and galvanized information packet, and a water pitcher. Settlement ¶ 22. In this agreement, PAWC agrees to use best efforts to provide these materials to the customer at least 10 days before a planned LSLR is performed. *Id.* For emergency LSLRs, the Company will provide a consent agreement, lead and galvanized information packet, and a water pitcher as far in advance of performing the emergency LSLR as practically possible. *Id.* PAWC will also share with the OCA and the OSBA all documents provided as part of the Company's LSLR Program promptly after such materials are finalized or updated by the Company and used by the Company in connection with the LSLR Plan. Settlement ¶ 23.

The OCA intended to ensure that customers receive a consent agreement, a lead and galvanized information packet, and a water pitcher as far in advance of performing an emergency LSLR as practically possible in its settlement negotiations with PAWC given the public health implications involved in emergency LSLR replacement. Making customers and property owners aware that PAWC has identified a lead service line and providing necessary documentation as well as a water pitcher ensures that customers get important resources in a timely fashion. Moreover, as noted above, sharing communications materials regarding public health with the statutory advocates ensures reasonable review by interested parties.

C. Annual Asset Optimization Plan Data (Settlement ¶¶ 24-25)

The terms of the Settlement require the Company to provide additional data regarding the LSLR Plan in their Annual Asset Optimization Plan (AAOP) and lead service line inventory. Under

the Settlement, following the completion of the Company's LSL projects in a project area set forth in the LSLR Plan, in the event the Company finds lead in a customer owned service line in said completed project area, the Company will provide information detailing the address and zip code, number of customer-owned service pipes, and the replacement date in the Company's next AAOP that is filed with the Commission and served on the statutory advocates and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA). Settlement ¶ 24. Starting in 2026, PAWC's AAOP will report, by zip code, the number of LSLs replaced in the preceding year. Settlement ¶ 25.

Providing data regarding LSLRs to the Commission, the statutory advocates, and CAUSE-PA enhances transparency and accountability. Importantly, data organized by zip code can identify patterns and assess the effectiveness of LSLR efforts. Enhanced transparency and accountability for vital water service terminations is in the public interest and should be adopted by the Commission.

D. Medical Certificate (Settlement ¶ 26)

Under the Settlement, PAWC will provide a customer or occupant of the property three (3) business days to provide a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information) to avoid shutoff of utility service where the property owner who is not the customer is non-responsive to the Company's offer to replace the private side LSL. Settlement ¶ 26.

PAWC's initially proposed LSLR plan did not allow for customers to provide a medical certification to avoid termination. The Settlement, however, provides vulnerable customers who reside at a property they do not own an option to continue vital utility service and avoid shutoff in the event an LSLR needs to be performed, but the property owner is non-responsive to PAWC's

outreach. As water service is a vital need, customers who have no control over non-responsive property owners should be provided an opportunity to submit a medical certificate to maintain water service. This Settlement provision is in the public interest and should be adopted by the Commission.

E. Service Line Inventory (Settlement ¶¶ 27-28)

Under the Settlement, PAWC’s Service Line Inventory will prospectively provide zip code information which can be used to identify service lines that have been inventoried and those identified as Lead Service Line (LSL) or Galvanized Requiring Replacement (GRR). Settlement ¶ 27. Moreover, PAWC will utilize the Pennsylvania Department of Environmental Protection’s (“DEP”) PennEnviroScreen tool to identify environmental justice areas for targeting of inventory and replacement. Settlement ¶ 28.

Providing data regarding LSLRs to the Commission and the statutory advocates enhances transparency and accountability. Importantly, data organized by zip code can identify patterns and assess the effectiveness of LSLR efforts. Moreover, using the PennEnviroScreen tool will help PAWC prioritize LSLRs within vulnerable populations. These provisions are in the public interest.

F. Financing (Settlement ¶ 29)

Under the Settlement, PAWC will continue its use, and further explore the use, of PENNVEST funding and other sources of low-cost/no cost financing for its LSLR Program. Settlement ¶ 29. The OCA submits that this term is in the public interest, as subsidized funding will mitigate ratepayer impact for the LSLRs needed in the system

G. Timing of Replacements (Settlement ¶ 30)

On November 30, 2023, the U.S. Environmental Protection Agency (EPA) proposed the Lead and Copper Rule Improvements (LCRI), which includes a requirement for water systems to

achieve 100% lead pipe replacement within 10 years. Lead service line also poses a direct health risk to customers. An LSLR program can protect public health by helping to ensure the timely removal of the customer-owned LSL.

Under the Settlement, in accordance with the EPA's LCRI, PAWC will complete replacement of all lead service lines identified through its Service Line Inventory by December 31, 2037, or such other date as modified by the EPA or the DEP. Settlement ¶ 30. Replacing lead service lines as soon as practicable is crucial to public safety. Committing PAWC to the EPA's LCRI time period is a step towards ensuring that PAWC replaces its lead service lines within a reasonable time frame.

H. Step-In Rights (Settlement ¶ 31)

Section 65.58(c)(3) of the Commission's Regulations provides:

An entity may establish a process to address replacement of a customer-owned LSL to avoid termination of service when a property owner who is not the customer is nonresponsive to an entity's offer to replace a customer-owned LSL.

52 Pa. Code § 65.58(c)(3).

In accordance with Section 65.58(c)(3) of the Commission's Regulations, under the terms of the Settlement, the Company will include a section in its tariff providing Step-In Rights to address replacement of a Customer Owned Lead Service Line (COLSL) to avoid termination of service when a property owner who is not the Customer is nonresponsive to an entity's offer to replace a COLSL. Settlement ¶ 31.

The agreed-upon tariff language provides specifically as follows:

A. Step In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step In Rights means the right of the Company to avoid termination of service when a property owner who is not the customer is nonresponsive to the Company's offer to replace a Lead Service Pipe which can no longer be used pursuant to Section 4.1.

The Company can utilize Step In Rights in the following circumstances:.

1. The Company has attempted to contact the property owner with an offer to replace the Lead Service Pipe in accordance with the Company's Replacement Plan.
2. The Customer or the occupier of the property is not the property owner or the property is vacant or unoccupied.
3. The Company has attempted to get authorization from the property owner to replace the Lead Service Pipe and (1) the property owner cannot be identified, or (2) the property owner has not responded to the Company's offer to replace the Lead Service Pipe.

B. Circumstances Where the Company Must Use Step-In Rights.

1. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer or occupant of the property provides to the Company a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information).
2. The Company shall use Step In Rights to replace a Lead Service Pipe when the Customer provides to the Company a Final Protection From Abuse (PFA) order.
3. The Company shall use Step In Rights to avoid the termination of water service to the Customer or the occupier of the property in the situations listed above except where in the Company's reasonable judgement replacement would place its workers or utility property at a safety risk and in such instance, the Company may use Step In Rights at its discretion.

C. When Step In Rights are used by the Company, after the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations in the private home ("Company Restoration Work"). No other restoration will be conducted for the private side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways ("Private Side Restoration Work"), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Company exercises Step In Rights, the Company's liability shall be limited to the amount in Section 15 for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suits and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company or its agents in replacing the Lead Service Pipe and/or the Company Restoration Work that the Company is responsible for under subsection 4.9.1.9 (C) above.

Settlement ¶ 31.

Including Step-In Rights in PAWC's tariff for COLSL replacements benefits PAWC, its customers, and residents affected by COLSL replacements. For customers and residents, Step-In Rights helps prevent the termination of vital water service, which can be harmful for customers. With the tariff language in the Settlement, if a property owner is nonresponsive, the COLSL replacement can still be performed without termination of water service. Moreover, specific Step-In Rights provisions related medical certification and Protection From Abuse (PFA) orders helps ensure that vulnerable customers receive continued water service. At the same time, the Step-In Rights in the Settlement provide PAWC the necessary discretion it needs to decide to not step-in and to not perform a replacement where doing the replacement would, in the Company's reasonable judgement, place its workers or utility facilities at a safety risk.

For PAWC, the Settlement specifies clear and limited restoration work responsibilities for both PAWC and property owners and provides clear limitation of liability for PAWC relating to the replacement and restoration work. It serves the public interest to limit PAWC's liability when exercising Step-In Rights so that PAWC can be motivated to complete necessary replacements without exposing the Company to unreasonable litigation risk.

Given the public health concerns related to lead, the Settlement's Step-In Rights permit PAWC to take proactive measures to replace COLSLs. Ensuring that all customers and residents do not face prolonged exposure to lead, regardless of the responsiveness of the property owner, promotes equity and the operational efficiency of PAWC. The Step-In Rights contained in the Settlement serve the public interest, serve and protect the interests of consumers and the utility alike, and thus should be adopted by the Commission.

III. CONCLUSION

The adoption of the Settlement results in an LSLR Plan with enhanced communications, greater transparency, and a clearer delineation of responsibilities compared to what was originally proposed by the Company. In consideration of the various elements of the Settlement, the OCA finds the Settlement to be in the public interest and in the interest of PAWC's customers. For these reasons and the reasons discussed above, the terms and conditions of the Settlement should be approved by the Commission.

Respectfully submitted,

/s/ Harrison W. Breitman

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Date: March 31, 2025

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APPENDIX H. Statement in Support of the Office of Small Business Advocate

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pennsylvania-American Water Company for Approval of a Lead Service Line Replacement Program, Related Tariff Changes, and Modification of Long-Term Infrastructure Improvement Plan : **Docket No. P-2024-3050263**
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**STATEMENT IN SUPPORT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES**

I. Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a notice of intervention in response to the Petition of Pennsylvania American Water Company (“Veolia” or the “Company”) for Approval of a Lead Service Line Replacement (“LSLR”) Program, Related Tariff Changes, and Modification of a Long-Term Infrastructure Improvement Plan (“Petition”) that was filed with the Pennsylvania Public Utility Commission (“Commission”) on July 22, 2024.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement of All Issues (“*Joint Petition*”). The *Joint Petition* addresses the issues raised by this office in this proceeding. Therefore, the OSBA submits this statement in support of the *Joint Petition*.

II. The Commission's Policy on Settlements

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

III. The Joint Petition is in the Public Interest of PAWC's Small Business Customers

The OSBA, the Office of Administrative Law Judge ("ALJ"), and the Commission are aware of the rising costs of utility service for all Commonwealth ratepayers, whether they are residential, small business, or industrial customers. The OSBA's primary focus in this proceeding has been to ensure that LSLRs proceed at a prudent pace, so as to limit the rate impact of LSLRs on PAWC's ratepayers, including small business customers.

The *Joint Petition* proposes that PAWC will replace all existing Company-owned and customer-owned lead service lines by December 31, 2037, or such other date as modified by the EPA or the DEP. *Joint Petition*, at Paragraph 30. The OSBA respectfully submits that this pace of LSLR is just, reasonable, and will minimize the rate impact upon the Company's small business customers.

IV. Conclusion

Therefore, for the reasons set forth in the *Joint Petition*, as well as the factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray
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Dated: March 28, 2025

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served the Joint Petition for Approval of Settlement of All Issues upon the persons and in the manner indicated below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA Electronic Delivery

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