

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

Public Meeting held June 5, 2025

Commissioner's Present:

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

Petition of Aqua Pennsylvania Wastewater, Inc. for
Approval of its Third Long-Term Infrastructure
Improvement Plan

Docket Number:
P-2024-3052037

OPINION AND ORDER

BY THE COMMISSION:

Before the Commission for consideration is the Petition for approval of the Third Long-Term Infrastructure Improvement Plan (Third LTIIP) of Aqua Pennsylvania Wastewater Inc. (APW). APW filed its Third LTIIP on November 8, 2024. Copies of the Third LTIIP were served on the statutory advocates and the parties of record from APW's most recent base rate case proceeding.¹ APW filed its Petition pursuant to a condition set forth in the Commission's April 25, 2024, Secretarial Letter APW's Annual Asset Optimization Plan (AAOP) at Docket No. M-2024-3047063. Pursuant to 52 Pa. Code § 121.5(c), APW's currently effective LTIIP expired on December 31, 2024. As

¹ Docket No. R-2024-3047824.

such, APW also sought a waiver of the requirement to file a new LTIIIP at least 120 days prior to the expiration of its currently effective LTIIIP (Waiver Request).

For the reasons expressed in this Opinion and Order, we will approve APW's Third LTIIIP and grant its Waiver Request.

PROCEDURAL HISTORY

On December 9, 2024, the Office of Consumer Advocate (OCA) filed comments that, *inter alia*, expressed concerns related to more information that may be required for the Commission to fully evaluate APW's workforce and management training program, and APW's outreach and coordination with other utilities, PennDOT and local governments. OCA Comments at 3 and 4. These comments are discussed further in the body of this Order. The OCA also did not object to APW's Waiver Request. OCA Comments at 6.

However, the OCA did express opposition to APW's inclusion of the assets and expenditures related to the repair and replacement of any infrastructure of the East Whiteland Township wastewater system in its Third LTIIIP and to APW's proposed tariff change for East Whiteland Township customers.² OCA Comments at 2 and 6. As noted below, APW filed an amended Third LTIIIP that excludes the assets and expenditures related to the repair and replacement of any infrastructure of the East Whiteland Township wastewater system. Further, consistent with the Commission's Order entered February 7, 2025, and the subsequent Secretarial Letter approving APW's tariff supplement served on March 25, 2025, APW will not be filing the proposed tariff change for East Whiteland Township customers.³

² As part of its Petition, APW noted that upon approval of the Third LTIIIP, APW planned to file a tariff supplement that would remove the language in its tariff that exempted customers of East Whiteland Township from the Distribution System Improvement Charge.

³ See, Docket No. R-2024-3047822.

No other comments were received.

On January 23, 2025, via Secretarial Letter, the Commission extended its consideration period for APW's Third LTIP to March 31, 2025, and issued a data request to APW seeking more details regarding the inclusion of East Whiteland Township in its Third LTIP, and APW's outreach and coordination activities with other utilities.

On February 3, 2025, APW filed its response to the data request.

On February 28, 2025, via Secretarial Letter, the Commission extended its consideration period for APW's Third LTIP to April 30, 2025, and issued a second data request to APW directing them to file within 30 days an amended LTIP that excludes the assets and expenditures related to the repair and replacement of any infrastructure of the East Whiteland Township wastewater system.

On March 14, 2025, APW filed its response to the data request indicating that it would file an amended Third LTIP by March 31, 2025.

On March 31, 2025, APW filed a supplemental response to the data request that included its amended Third LTIP, which reflects the removal of the East Whiteland Township wastewater system.

On April 29, 2025, via Secretarial Letter, the Commission extended its consideration period for APW's Third LTIP to June 16, 2025.

BACKGROUND

Effective February 14, 2012, Act 11 of 2012, (Act 11) provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility's distribution system. The eligible property for the utilities is defined in 66 Pa. C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file an LTIIP with the Commission consistent with 66 Pa. C.S. §1352.

The Commission promulgated regulations relating to LTIIPs at 52 Pa. Code §§121.1 – 121.8 that became effective December 20, 2014. In accordance with the regulations, DSIC-eligible utilities must include the following elements in an LTIIP: ⁴

- (1) Types and age of eligible property;
- (2) Schedule for planned eligible property repair and replacement;
- (3) Location of the eligible property;
- (4) Reasonable estimates of the quantity of property to be improved;
- (5) Projected annual expenditures and measures to ensure that the plan is cost effective;
- (6) Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service;
- (7) A workforce management and training program; and
- (8) A description of a utility's outreach and coordination activities with other utilities, PennDOT and local governments on planned

⁴ See 52 Pa. Code § 121.3.

maintenance/construction projects.

APW'S FIRST LTIIIP

APW is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is a wastewater subsidiary of Aqua Pennsylvania, Inc. APW is a public utility as defined by the Public Utility Code, 66 Pa. C.S. §102. APW states that it currently owns and operates 42 wastewater collection and conveyance systems and serves over 58,285 customers in 16 counties within Pennsylvania. APW has been organized into two operating groups within Pennsylvania: Southeastern Pennsylvania (SEPA); and Greater Pennsylvania (GPA).

APW's GPA operating division serves approximately 11,219 customers in Adams, Carbon, Clarion, Clearfield, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Venango, and Wyoming counties. The GPA operating division collection and conveyance systems include approximately 345 miles of pipe, 3,314 manholes, and 75 pump stations. APW's SEPA operating division serves approximately 47,066 customers in Berks, Bucks, Chester, Delaware, and Montgomery counties. The SEPA operating division collection and conveyance systems include approximately 607 miles of pipe, 13,909 manholes, and 93 pump stations.

APW's first LTIIIP petition (First LTIIIP) and DSIC petition were filed on May 31, 2013, and both were approved in an Order entered on September 12, 2013.⁵ APW's First LTIIIP covered the years 2013 through 2017 and proposed to increase its collection system infrastructure spending from a baseline of approximately \$630,000 per year to approximately \$1.9 million per year. APW's annual capital investments in its First LTIIIP

⁵ See, *Petition of Little Washington Wastewater Company (LWWC) for Approval of its Long-Term Infrastructure Improvement Plan*, at Docket No. P-2013-2366873.

were documented in its AAOPs.⁶ APW's First LTIIIP was also subject to a periodic review in 2017, as required by 52 Pa. Code § 121.7(a). Our periodic review found that APW's First LTIIIP was sufficient and that APW had substantially adhered to its plan.⁷ APW's total DSIC-eligible spending for its First LTIIIP was approximately \$8.75 million, which was 10.1% more than the original projection.

APW'S SECOND LTIIIP

APW filed its second LTIIIP (Second LTIIIP) on September 1, 2017, for the period 2018 through 2022. The Commission approved APW's Second LTIIIP in an Order entered on December 21, 2017, at Docket No. P-2017-2622818.

On March 1, 2019, APW filed its AAOP for 2018 at Docket No. M-2019-3008325 and concurrently filed a Petition for Waiver of 52 Pa. Code § 121.6(c) (concerning the requirements of filing a petition for modification of an LTIIIP) and further seeking extension of the consideration period for its AAOP. APW requested the waiver because it intended to file an amended LTIIIP in the year after the conclusion of its base rate proceeding but before the end of the Fully Projected Future Test Year that ended March 31, 2020. In an Order entered on April 25, 2019 (2019 Order), the Commission denied APW's Petition for Waiver and directed APW to file a revised AAOP within five days of the entry of the 2019 Order.⁸ On April 30, 2019, APW filed its revised AAOP and indicated to the Commission's Bureau of Technical Utility Services (TUS) that it would file a Revised LTIIIP by October 2019.

⁶ APW's AAOPs for 2014 through 2017 may be found at Docket Nos. M-2014-2451926, M-2015-2511972, M-2016-2574841, and M-2017-2634990, respectively.

⁷ See *Periodic Review of Aqua Pennsylvania Wastewater Inc.'s Long-Term Infrastructure Improvement Plan*, Order entered May 4, 2017, at Docket No. M-2017-2582914.

⁸ See, *Petition of Aqua Pennsylvania Wastewater, Inc. for Waiver of the Pennsylvania Public Utility Commission's Regulation at 52 Pa. Code § 121.6 Requiring a Petition for Modification of a Long-Term Infrastructure Improvement Plan due to an Apparent Major Modification, and a Request to Extend the Consideration Period for Review of its Annual Asset Optimization Plan Until the Commission Rules on the Subject Petition*, at Docket No. P-2019-3008289.

The Commission approved APW's revised AAOP by Secretarial Letter served May 30, 2019. Consistent with the revised AAOP, APW filed a petition for approval of a revised LTIIIP. However, the revised LTIIIP in effect replaced and superseded APW's Second LTIIIP by modifying the time period covered by the Second LTIIIP to 2020 through 2024. Thus, the revised LTIIIP was given a new Docket No. at P-2019-3013941 and was approved by Commission Order entered February 27, 2020.⁹

PERIODIC REVIEW OF APW'S SECOND LTIIIP

On April 1, 2022, via Secretarial Letter, the Commission initiated the periodic review of APW's Second LTIIIP, as required by the Public Utility Code and Commission regulations 52 Pa. Code § 121.7(a).¹⁰ In a Commission Order entered on March 16, 2023, the Commission found that APW's Second LTIIIP was designed to ensure and maintain safe, adequate, reasonable, reliable service and that APW has substantially adhered to its plan.

APW'S THIRD LTIIIP

APW's Third LTIIIP is for the period of 2025 through 2029 and covers infrastructure investment through its established DSIC. Through its Third LTIIIP, APW plans to increase its collection system infrastructure spending to about \$14.5 million per year (on average) over the course of the five-year plan. APW also includes systems that were not previously included in its DSIC program that were acquired under Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329 or that were non-Section 1329 acquisitions and have been included in APW's most recent base rate case.

⁹ See, *Petition of Aqua Pennsylvania Wastewater, Inc. for Approval of its Revised Long-Term Infrastructure Improvement Plan*, at Docket No P-2019-3013941.

¹⁰ See, *Periodic Review of Aqua Pennsylvania Wastewater, Inc.'s Long-Term Infrastructure Improvement Plan*, at Docket No M-2022-3031219.

Table 1, below, shows APW’s annual collection system investments for each of the years 2019 through 2024, by asset type.

Table 1: Historic Spending by Year and Asset Type 2019 through 2024

Division	Mains	Manholes	Pump Stations	Clean & Televis	Engineering Studies	Total
GPA 2019	\$4,358,200	\$4,855,364	\$438,012	\$843,508	\$0	\$10,495,084
SEPA 2019	\$69,015	\$0	\$5,522	\$0	\$0	\$74,537
Subtotal	\$4,427,215	\$4,855,364	\$443,534	\$843,508	\$0	\$10,569,621
GPA 2020	\$868,235	\$1,381,234	\$1,491,064	\$0	\$0	\$3,740,532
SEPA 2020	\$1,055,624	\$137,191	\$329,372	\$58,110	\$0	\$1,580,297
Subtotal	\$1,923,859	\$1,518,425	\$1,820,436	\$58,110	\$0	\$5,320,829
GPA 2021	\$1,198,189	\$1,548,833	\$642,781	\$0	\$0	\$3,389,804
SEPA 2021	\$1,692,615	\$95,316	\$286,090	\$88,412	\$0	\$2,162,432
Subtotal	\$2,890,804	\$1,644,149	\$928,871	\$88,412	\$0	\$5,552,236
GPA 2022	\$1,505,542	\$212,168	\$829,299	\$0	\$158,511	\$2,705,520
SEPA 2022	\$483,696	\$73,645	\$476,436	\$0	\$0	\$1,033,777
Subtotal	\$1,989,238	\$285,813	\$1,305,735	\$0	\$158,511	\$3,739,297
GPA 2023	\$2,611,000	\$2,163,406	\$1,228,496	\$9,341	\$65,008	\$6,077,251
SEPA 2023	\$965,496	\$0	\$622,572	\$0	\$0	\$1,588,068
Subtotal	\$3,576,496	\$2,163,406	\$1,851,068	\$9,341	\$65,008	\$7,665,319
GPA 2024	\$2,883,554	\$3,080,826	\$2,579,948	\$169,491	\$155,076	\$8,868,895
SEPA 2024	\$1,386,383	\$120,000	\$426,650	\$0	\$0	\$1,933,033
Subtotal	\$4,269,937	\$3,200,826	\$3,006,598	\$169,491	\$155,076	\$10,801,928
Total	\$19,077,549	\$13,667,983	\$9,356,242	\$1,168,862	\$378,595	\$43,649,230

APW notes that since its last LTIP filing, it has cleaned and performed closed circuit television inspections on 33,125 linear feet (LF) of the sanitary sewer main,

repaired and replaced 62,107 LF of sanitary sewer mains, repaired 1,299 manholes, and made mechanical repairs and improvements to 183 pumping stations. While APW continues to improve the condition of its collection systems, it notes that substantial work remains on its infrastructure for some of the recent acquisitions that exhibit substantial inflow and infiltration (I&I) problems.

APW notes that the condition of its collection systems varies depending upon age, materials employed, and quality of the initial installation. APW asserts that it strives to maintain the collection systems by performing work required to maintain integrity and reliability. APW further notes that many of its acquired systems were in various states of disrepair, exhibiting aged infrastructure and significant I&I of ground and surface waters into the wastewater collection systems.

For the period applicable to this Third LTIIP, APW notes that its primary focus will be in its accelerated collection system refurbishment program and to continue the systematic investigation of those sewer systems with moderate to significant I&I, to schedule corrective measures to reduce or eliminate the I&I, and to refurbish and/or replace aged pumping facilities.

APW, in their Petition, addressed the eight LTIIP elements required by 52 Pa. Code §121.3, as discussed below:

(1) TYPES AND AGE OF ELIGIBLE PROPERTY

APW 's Position

APW provided substantial detail on the material composition of its pipes and provided a breakdown of its inventory by size and age as well as providing a breakdown of its manholes and pump stations within the two operating divisions. APW notes that it

has developed a Geographic Information System (GIS) for all its wastewater collection systems. APW maintains that its GIS system stores data on sewer mains, manholes, valves, pump stations, etc., and is updated continually as the collection system changes with the addition of new pipe and the replacement of old pipe. APW states that it utilizes its GIS to identify and rate the mains, manholes, and pump stations on a priority basis for repair and replacement. Accordingly, APW's DSIC-eligible asset properties include mains, manholes, and the equipment and facilities related to its pump stations.

APW specifically notes that it has the following types of main in its SEPA and GPA territories:

- Gravity: Piping that conveys wastewater by gravity with access manholes placed at set intervals along the sewer pipe, at pipe intersections, and changes in pipeline direction.
- Force Main: The discharge pipeline from a pumping station integral to the collection system.
- Low Pressure: A sewer system designed to transport sewage by means of pressure derived from individual pumping units located on each parcel of land being served by the sewer.
- Interceptor: Larger piping that conveys wastewater from collector and trunk sewer mains to wastewater treatment plants.

Table 2, below, depicts the breakdown of APW's main, including gravity, force main, and low pressure for all of the wastewater collection systems within its operating divisions.

Table 2: Pipe Type and Quantity by Region

Type	Length (feet)	Percent of Total
SEPA Operating Division		
Gravity	2,765,145	86.21%
Force Main	292,197	9.11%
Low Pressure	47,592	1.48%
Interceptor	102,357	3.19%
Total	3,207,291	100%
GPA Operating Division		
Gravity	732,263	40.18%
Force Main	110,602	6.07%
Low Pressure	979,676	53.75%
Interceptor	0	0%
Total	1,822,541	100%
Total All Operating Divisions		
Gravity	3,497,408	69.53%
Force Main	402,800	8.01%
Low Pressure	1,027,267	20.42%
Interceptor	102,357	2.03%
Total	5,029,832	100%

Comments

The OCA commented that the Commission should not approve the inclusion of the East Whiteland Township system in the Third LTIP and should defer a decision on that system until such time as there is an unappealed final Order regarding inclusion of this system in base rates.

Resolution

Upon review of APW's Third LTIIP, as amended, and supplemental information filed, the Commission finds that APW's Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY

APW's Position

APW states that it recognizes the need for continual renewal of its collection and conveyance systems to maintain quality and reliable service to its customers. APW maintains that it has been rehabilitating and replacing system components since acquiring each of its sewer systems. APW indicates that it has prioritized pumping stations and sewer main renewal/rehabilitation candidates at both the macro and micro level.

APW advises that it does not employ a risk-based model for repair and replacement. At APW's macro planning level, general categories of sewer components including old and broken terracotta mains, deteriorating manholes, and aging pump stations and geographic areas within the system have been identified as areas of concern. Any sewer features fitting these criteria are considered potential candidates for near-term replacement. APW advises that its macro examination also eliminates certain pipes from consideration for replacement as they are unlikely to need current repair and replacement.

APW advises that it is useful to define the pool of potential candidate sewer collection system components for replacement. There are several sewer collection and conveyance categories that APW used to determine the major areas of concern. APW

notes that past sewer investigations have identified pipes and manholes that require repair/replacement and systems with significant I&I issues will also be targeted for inspection and assessment. APW notes that its older pump stations will be identified for evaluation and refurbishment. APW's systems with polyvinyl chloride pipes (PVC) less than 20 years old that have only minor I&I issues will not be targeted for rehabilitation.

APW states that I&I analyses are performed to demonstrate the degree of excessive I&I in each sewer system from the tributary to the treatment works. APW notes that its systematic investigations of the sewer systems help to identify the presence, flow rate, and type of I&I conditions that exist in each sewer system. APW's systematic investigations include the following:

- Video inspections of pipes.
- Estimates of average residential, industrial, commercial and institutional wastewater flows.
- Continuous flow monitoring that in some cases, includes flow isolation monitoring and determination of I&I flow rates.
- Rainfall monitoring.

At the micro planning level, APW states that its main-replacement planning addresses the priority in which specific pipes and manholes within the broader categories are replaced or rehabilitated. APW employs the results of I&I elimination investigations and the existing performance characteristics of the main, such as cracks, sags, and other performance criteria that are to be incorporated into the GIS data.

APW-scheduled repair and replacement projects are prioritized based upon environmental impact, public health, severity, and capacity needs of the area. APW advises that excavating and replacing defective sewer pipes is no longer the only solution available for eliminating I&I. This method is reserved for cases in which the structural

integrity of the pipe is severely degraded beyond repair, or if the pipe is seriously misaligned, or when other rehabilitation methods are not deemed practical or cost effective.

APW avers that the cost effectiveness of new trenchless or in-place rehabilitation technologies has eliminated much of its need to excavate and replace sewer piping. Sewer mains that require repair would be evaluated to determine the most cost-effective approach. APW's repair methods utilized for gravity sewers include slip lining with high-density polyethylene (HDPE) pipe and cured-in-place lining (inversion lining). APW notes that if they determine that an existing line cannot be repaired, complete replacement with PVC pipe for gravity mains is their likely approach. APW notes that bypass pumping measures are required when necessary to maintain the serviceability of the collection system.

Comments

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

Resolution

Upon review of APW's Third LTIIP, as amended, and the supplemental information filed, the Commission finds that APW's Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §121.3(a)(2) by providing a schedule for planned repair and replacement of eligible property.

(3) LOCATION OF THE ELIGIBLE PROPERTY

APW's Position

APW states that its GPA operating division consists of 17 wastewater systems containing 18 wastewater treatment plants (WWTPs) to include: Adams County (Links at Gettysburg), Carbon County (Lake Harmony), Clearfield County (Treasure Lake), Lackawanna County (Thornhurst), Luzerne County (Beech Mountain, White Haven, Laurel Lakes), Monroe County (Pinecrest, Tobyhanna), Pike County (Woodloch Springs, Masthope), Schuylkill County (Cove Village, Eagle Rock), Venango County (Emlenton) and Wyoming County (Bunker Hill, Rivercrest, Washington Park). APW notes that, in general, these systems are in fair to poor condition, with moderate to severe I&I issues and structural defects. APW avers that corrective measures are needed, including, but not limited to, I&I and structural investigation/rehabilitation and replacement of aged pump station components.

APW notes that its SEPA operating division serves 25 collection and conveyance systems and contains 22 WWTPs to include: Bucks County (Lower Makefield, Peddlers View) Berks County (North Heidelberg) Chester County (Brandywine River Estates, Bridlewood, Deerfield Knoll, East Bradford, East Brandywine, Honeycroft, New Daleville, New Garden, Newlin Green, Penn London, Penn Township, The Greens at Penn Oakes, Plumstock, Sage Hill, Twin Hills, Village of Valley Forge, Willistown Woods), Delaware County (Media Borough), and Montgomery County (Cheltenham, East Norriton, Limerick, Stony Creek). APW describes these systems to be in fair to good condition and reports that they have minor I&I issues and structural defects. APW indicates that corrective measures are needed within its Media system, to include I&I, structural investigation/rehabilitation, and system component replacement.

Comments

No comments were received regarding the location of eligible property.

Resolution

Upon review of APW’s Third LTIIP, as amended, the Commission finds that APW’s Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §121.3(a)(3) by providing a general description of the 1120tion of eligible property.

(4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED; and

(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE

APW’s Position

APW maintains that the quantities as detailed in Table 3, below, are approximations based upon a general assessment of overall needs and historical costs. APW notes that actual quantities of pipe replacement and manhole repairs will be determined based upon the results of I&I investigations and sewer main inspections.

Table 3: 2025 through 2029 Planned Capital Projects

Year	Mains (LF)	Manholes (each)	Pump Stations (each)
2025	35,710	24	28
2026	24,524	667	19
2027	19,891	644	25
2028	48,174	39	17
2029	51,730	1,048	24
TOTAL	180,029	2,422	113

APW advises that it will perform I&I elimination projects to include pipe replacements and manhole repairs to those portions of the collection system identified through its I&I investigations and inspections. APW notes that pipe replacement will be performed utilizing trenchless sewer rehabilitation methods where possible.

APW avers that its trenchless techniques can perform spot repairs as well as manhole-to-manhole lining. APW maintains that for most of its applications, trenchless sewer rehabilitation techniques require less installation time and therefore less bypass pumping. In addition, it states that trenchless sewer rehabilitation techniques minimize utility conflicts, minimize restoration costs, and are less disruptive to business, homeowners, and traffic. APW states that through competitive bidding it can secure lower unit costs contracts with various utility contractors. APW states that it assigns supervisors and inspectors to each project to ensure the quality and effectiveness of work performed.

APW states that it uses an engineering consultant and the Division Office Engineer to review and develop the project scope of work and identify several prospective bidders that are known to have experience and good track records to complete the services needed at a competitive price. APW advises that an invitation to bid is sent to prospective bidders. As part of the requested bid, APW requires the contractor to economically procure materials for the job, taking into consideration system consistency and future maintenance needs. Bidders complete the bid form provided, and the lowest responsible bidder is then selected based upon price and compliance with the project specifications.

APW advises that it uses contractors for all its wastewater DSIC work. Most of the contract work is competitive bidding, with exceptions for small projects or emergency work. APW notes that there is little to no scrap material associated with wastewater DSIC work. Its contractors remove and dispose of any scrap for the DSIC job, and APW

may obtain the scrap if there is any value associated with it. If APW opts to take the scrap, it is returned to the operating division and sold. If there are any proceeds from scrapping, they are credited to the removal/salvage cost regulatory asset and amortized over five years pursuant to Commission regulations.

Tables 4 through 6 below identify, by project type, the collection system capital projects planned to be performed in the upcoming five years, as well as the anticipated expenditures by project type for each year. APW notes that its specified projects and cost estimates are subject to change as specific projects are designed and built.

Table 4: GPA Collection System Capital Improvement Schedule

Description	2025	2026	2027	2028	2029	Total
Sewer Mains	\$3,506,900	\$2,531,900	\$2,448,900	\$4,473,900	\$7,865,900	\$20,827,500
Manholes	\$35,000	\$2,880,000	\$2,548,000	\$133,000	\$4,176,000	\$9,772,000
Pump Stations	\$1,050,000	\$1,862,000	\$4,912,000	\$485,000	\$1,984,000	\$10,293,000
Total	\$4,591,900	\$7,273,900	\$9,908,900	\$5,091,900	\$14,025,900	\$40,892,500

Table 5: SEPA Collection System Capital Improvement Schedule

Description	2025	2026	2027	2028	2029	Total
Sewer Mains	\$4,261,816	\$3,810,340	\$2,487,240	\$6,002,540	\$2,792,780	\$19,354,716
Manholes	\$217,000	\$217,000	\$49,000	\$140,000	\$28,000	\$623,000
Pump Stations	\$1,743,000	\$585,000	\$635,000	\$703,800	\$610,028	\$4,276,628
Total	\$6,221,816	\$4,584,340	\$3,171,240	\$6,846,340	\$3,430,808	\$24,254,544

Table 6: TOTAL Collection System Capital Improvement Schedule

Description	2025	2026	2027	2028	2029	Total
Sewer Mains	\$7,768,716	\$6,342,240	\$4,936,140	\$10,476,440	\$10,658,680	\$40,182,216
Manholes	\$252,000	\$3,069,000	\$2,597,000	\$273,000	\$4,204,000	\$10,395,000
Pump Stations	\$2,793,000	\$2,447,000	\$5,547,000	\$1,188,800	\$2,594,028	\$14,569,828
Total	\$10,813,716	\$11,858,240	\$13,080,140	\$11,938,240	\$17,456,708	\$65,147,044

APW notes that it does not use a cost/benefit metric for any of its LTIP programs. APW states that it strives to meet its LTIP goals and will continue to work diligently to ensure that its targets are met. APW states that it has experienced instances where capital and projects have been required to shift from different quarters or different years based on the re-prioritization of projects or the needs of particular systems. APW notes that its wastewater business is much smaller in scale compared to its water business, and that any

shifts that occur can have an impact on the dollars and quantities spent in any particular year, thus requiring more flexibility in any one given year.

Comments

No comments were received regarding the reasonable estimates of the quantity or expenditure of property to be improved, and cost effectiveness of the plan.

Resolution

Upon review of APW's Third LTIIP, as amended, and supplemental information filed, the Commission finds that APW's Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §§ 121.3(a)(4)-(5) by providing reasonable estimates of the quantity of property to be improved and the projected annual expenditures and means to finance the expenditures and ensure cost effectiveness.

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

APW's Position

APW maintains that it has continuously invested in its wastewater facilities and collection systems to ensure safe and reliable service, public health and environmental protection, and intends to continue to maintain the accelerated refurbishment of its collection system. APW states for the calendar years 2025 through 2029, it plans to accelerate collection system capital spending to approximately \$14.5 million annually (on average) for pipe repair, pump station refurbishment, and I&I reduction programs. APW notes that this represents an increase over the five-year annual average of \$6.6 million during the period of 2019 through 2023.

APW notes that refurbishment of dated and/or deteriorating assets improves the safety and reliability of the entire system while improving service to APW's customers and aids in protecting the environment. APW states that it will use construction methods that minimize service interruptions to customers while ensuring cost effectiveness and maintaining serviceability of mains and pumping facilities during construction projects. APW states that it accomplishes this by maintaining project specifications, work plans, and oversight of work being performed. APW says that its standards are enforced and monitored by inspectors, operations management, and the licensed operators with additional inspection and oversight by APW's in-house safety administration personnel. Additionally, APW states that its employees will provide information letters and door-to-door notifications to affected customers before starting work within a community.

Comments

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

Resolution

So that we may more fully monitor APW's success in achieving its goal of reduction of I&I and cost effectiveness of new trenchless or in-place rehabilitation methods, beginning with its AAOP for calendar year 2026, we direct APW to provide: updated information on its pipeline materials and diameters for all of its wastewater systems; information on the amount of sewer pipe that is either replaced or lined with trenchless or in-place rehabilitation each year; and a progress report on the I&I reduction in each of its systems.¹¹

¹¹ See, Ordering Paragraph No. 3.

Upon review of APW's Third LTIIP, as amended, and supplemental information filed, the Commission finds that APW's Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §121.3(a)(6) by providing a description of the manner in which infrastructure replacement will accelerate and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM

APW's Position

APW states that it utilizes construction inspectors to provide numerous services during the installation of gravity and low-pressure mains, service laterals, pump stations, and manholes in the collection system. APW notes that its construction inspectors perform the following tasks, as well as any other work that may be necessary:

- Monitor the installation of the lines to confirm that they are properly bedded and installed to APW specifications.
- Monitor the backfill of the project for proper compaction as per APW specifications.
- Confirm that all materials such as pipe, fittings, backfill, concrete, etc., in the project meet the APW specifications.
- Capture the quantities of pipes and other materials for proper record keeping, plans, etc.
- Capture the quantities of pipe and other materials, labor, etc., for accurate billing and payments.
- Document all locations of pipe, laterals, etc., for accurate mapping and record keeping.

- Work with residential customers to lessen the impact of the project and answer or address any issues that occur within the project.
- Work with businesses that are impacted by the project to ensure deliveries, access, and service outages do not disrupt businesses.
- Coordinate contractors with school districts, municipalities, and emergency services so that bus routes, trash pick-up, mail delivery, and emergency response are not impacted.
- Monitor the temporary restoration during the project to confirm that it is completed to APW's specifications.
- Monitor the restoration required in projects to make certain they are done to state or municipal specifications and ensure that proper installation is completed.
- Observe contractor's implementation of contractor safety plans and advise contractor of any observed conditions of imminent danger. Inspectors can shut down a project until an imminent danger situation is addressed.

APW notes that it requires its employees in the wastewater division to have mandatory safety training throughout the year. Aside from the required annual training, APW states that there is additional training that also takes place. Examples of the required annual training are confined space, traffic safety, excavation/trenching, general safety hazards, and hazard communications. APW advises that there are other programs that are required but not on an annual basis, including Personal Protection Equipment (PPE), electrical hazards, competent person, arc flash training, and others. APW states that in 2019, it developed a training program to educate drivers to reduce the frequency of backing accidents.

APW avers that driving continues to be an integral part of its training, noting that in addition to video segments, safety days include keynote speakers discussing driving skills and techniques. APW adds that in 2022, monthly video segments were

implemented along with instructor led classes on reverse driving and backing and in 2023 it included spotter training. Aqua states that it routinely sends out Toolbox Talks on safety topics to include tripping hazards, electrical, tools, and seasonal topics such as weather, holidays, and Back to School. APW notes that its Safety Department also issues Safety Alerts previewing incidents and near misses. In addition, Aqua has instituted a Near Miss (Safety Learning Opportunities) initiative where hazards are identified and resolved within 30 days, and this includes near misses of contractor employees observed by Aqua employees.

APW notes that all its wastewater Distribution/Construction employees are required to wear their PPE whenever they exit their vehicles on a jobsite. The PPE includes hard hats, safety vests, safety glasses, and steel toe shoes. APW notes that it supplies all the PPE to its employees. APW requires all employees, and contractors, to report immediately any injury that takes place to an employee of either party. APW also notes that it requires employees and contractors to report any damage to utilities during the excavation process. As part of the Pennsylvania Underground Utility Line Protection Law (PA One Call Law), APW and its contractors are required to submit an Alleged Violation Report for all utility damage occurrences to the Commission.

APW maintains that to supplement its employee workforce, it utilizes outside contractors for all collection system projects. Contractors are required by APW to provide them with their safety policy and documentation of training to their employees, including but not limited to competent people, utility damage prevention, and traffic safety. APW adds that it requires contractors to follow all state, federal, and Occupational Safety and Health Administration (OSHA) rules and regulations in the implementation of a project. APW notes that this is required in all contract documents for construction. APW engages a third-party safety consultant to perform safety observations on all construction projects. APW's contractors are also required to fill out a Job Hazard Awareness form daily designated by the contractor.

APW's contractors are required to provide the PPE for their employees, including hard hats, work gloves, reflective vests or shirts, safety shoes, and safety eyewear. APW's contractors are also responsible for reporting to APW any injuries sustained on an APW project. The contractors are also required to report any utility damage that occurs on the jobsite. As part of the PA One Call Law, the contractor is required to submit an Alleged Violation Report for all utility damage occurrences to the Commission. APW's contractors are responsible for following the requirements of the PA One Call Law, including being responsible for all PA One Call requests for their project.

Comments

The OCA commented that APW should make clear that the inclusion of workforce management and training in its LTIIP does not double count costs recovered in the LTIIP and the base rate proceeding.

Resolution

The Commission has reviewed APW's Third LTIIP and supplemental information provided and finds no concern at this time with double counting of costs recovered. However, we note that the prudence of any capital expenditures may be reviewed through subsequent base rate cases.

Upon review of APW's Third LTIIP, as amended, and supplemental information filed, the Commission finds that APW's Third LTIIP, as amended, fulfills the requirements of 52 Pa. Code §121.3(a)(7) by providing a workforce management and training program that is designed to ensure that APW will have access to a qualified workforce to perform the work in a cost-effective, sage and reliable manner.

(8) DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED PROJECTS

APW's Position

APW advises that it has been updating its GIS systems to incorporate its wastewater assets. APW maintains that between the months of May and October, replacement candidates are typically chosen and prioritized for refurbishment in the subsequent budget year. APW states that each potential refurbishment project is vetted by its Engineering Department for feasibility of construction in the coming budget year. As part of APW's analysis process, it collects information from PennDOT, counties, homeowner's associations, and municipalities as to their intentions to undertake paving and other public works projects during the budget year. APW states that if it chooses to undertake a pipe or manhole refurbishment project on a road pre-scheduled for paving, the project will be coordinated with the state, county or municipality. APW maintains that it will work with the government agency to ensure that the design, permitting, and construction of the pipe project will be completed on time to allow the road to be paved. APW notes that in some cases, where sewer main projects are large, the government agency will agree to postpone paving of its roads to the following year.

APW reports that when sewer main projects are large, it will coordinate with the applicable government entity to have that entity agree to postpone paving of its roads to the following year. APW reports that both the company and its rate payers benefit financially through the avoidance of road surface restoration. APW advises that most municipalities it partners with do not identify their paving plans in advance of their project selections. Accordingly, annual municipal budgets may not be approved until early in the budget year, resulting in paving projects not being formalized until later in that year. APW reports that in these instances, they must be proactive in identifying

opportunities to coordinate pipe replacement and road paving.

In supplemental information filed with the Commission, APW notes that for complex projects it meets with municipalities and/or homeowners associations in the year that a construction project is taking place to discuss the upcoming large project. APW notes that at those meetings future plans are also discussed. APW also notes that because projects can shift due to schedules and changes in prioritization, those meetings are scheduled as a project moves forward. In addition, on complex larger projects, APW has submitted plans through Coordinate PA as part of the PA One Call system.

Comments

OCA commented that APW's Third LTIP does not provide any greater level of detail than the Petition regarding how the Company accomplishes its goals of outreach and coordination or the frequency of its outreach activities, such as how frequently the Company meets with interested entities and what type of follow-up efforts in the interim are initiated.

Resolution

In supplemental information filed with the Commission, APW provided additional detail on its outreach and coordination with local and state agencies, non-governmental organizations and local stakeholders. Upon review of APW's Third LTIP, as amended, and supplemental information filed, the Commission finds that APW's Third LTIP, as amended, fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of APW's outreach and coordination activities with other utilities, PennDOT and local governments on planned projects and roadways that may be impacted by the LTIP.

LTIIIP SUMMARY

Commission review of an LTIIIP must determine if the LTIIIP:¹²

- Contains measures to ensure that the projected annual expenditures are cost-effective.
- Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement or replacement.
- Is sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service.
- Meets the requirements of 52 Pa. Code §121.3(a).

The utility has the burden of proof to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain sufficient, safe, adequate, reliable and reasonable service to consumers.¹³

The Commission has reviewed APW's Third LTIIIP, as amended, and supplemental information filed. The Commission finds that APW has meet its burden of proof by demonstrating that its Third LTIIIP, as amended, contains measures to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and maintain adequate, safe, reliable, and reasonable service, and meets the requirements of 52 Pa. Code §121.3(a). Accordingly, APW's LTIIIP is approved.

The Commission finds APW's Third LTIIIP, as amended, and manner in which it was filed conforms to the requirements of Act 11 and our Regulations. The plan, as approved herein, is designed to maintain safe, adequate and reliable service and, as such,

¹² See, 52 Pa. Code §121.4(e).

¹³ See, 52 Pa. Code §121.4(d).

APW shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

IT IS ORDERED:

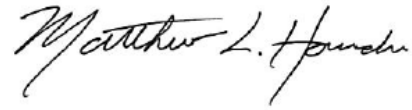
1. That the Petition of Aqua Pennsylvania Wastewater, Inc. for Approval of its Third Long-Term Infrastructure Improvement Plan is approved, consistent with this Order and with the amended Third Long-Term Infrastructure Improvement Plan filed on March 31, 2025, in response to the Bureau of Technical Utility Services' Set II Data Requests.

2. That Aqua Pennsylvania Wastewater, Inc. is granted a waiver from the requirements of 52 Pa. Code § 121.5(c), consistent with this Order.

3. That Aqua Pennsylvania Wastewater Inc., pursuant to the directives in this Order, shall include in its Annual Asset Optimization Plans: updated information on its pipeline materials and diameters for all of its wastewater systems; information on the amount of sewer pipe that is either replaced or lined with trenchless or in-place rehabilitation each year; and an update on the progress of the inflow and infiltration reduction for each of its wastewater systems.

4. That the proceeding at Docket No. P-2024-3052037 be closed.

BY THE COMMISSION,

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive style with a large, stylized initial "M".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: June 5, 2025

ORDER ENTERED: June 5, 2025