



February 27, 2026

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: VEOLIA WATER PENNSYLVANIA INC.; ANNUAL ASSET OPTIMIZATION PLAN (2025 HISTORIC and 2026 PROJECTED); Docket No. M-2026-_____

Dear Secretary Homsher:

In accordance with 52 Pa. Code § 121.6, Veolia Water Pennsylvania Inc. ("VEOLIA") submits this Annual Asset Optimization Plan ("AAOP") for the Long Term Infrastructure Improvement Plan ("LTIIIP") historic period of January 1, 2025 to December 31, 2025 and the projected period of January 1, 2026 to December 31, 2026 (which annual reporting coincides with VEOLIA's fiscal year). VEOLIA's First LTIIIP was submitted to the Pennsylvania Public Utility Commission ("Commission") on February 17, 2017 and was approved on June 14, 2017 (Docket No. P-2017-2589724). It covered the five-year period of 2017 through 2021. VEOLIA's Second LTIIIP, which covers the five-year period of 2022 through 2026, was submitted to the Commission on August 31, 2021 and was approved on December 16, 2021 (Docket No. P-2021-3028256). On July 29, 2025, VEOLIA filed its Commission-approved Modified LTIIIP Plan (which included the Lead Service Line Replacement Plan) at Docket Nos. P-2021-3028256 and P-2023-3042107 ("Modified Second LTIIIP").

Exhibit 1 to this AAOP summarizes VEOLIA's Modified Second LTIIIP 5-Year Plan, including the eligible property to be repaired, improved, and replaced in 2026 (as required by 52 Pa. Code § 121.6(b)(2)). **Exhibit 2** shows VEOLIA'S eligible property repaired, improved, and replaced in 2025 (as required by 52 Pa. Code § 121.6(b)(1)).

This AAOP details VEOLIA's progress in meeting the overall goals of the Modified Second LTIIIP. Veolia's Modified Second LTIIIP estimated that, in 2025, VEOLIA would replace a total of 10 miles of main, **Exhibit 1**. VEOLIA replaced and installed a total of 9.05 miles of water main in 2025 versus the targeted 10 miles, but replaced more than double the amount of highway mains (forecasted 1.5 and actually replaced 3.84 miles). Due in part to the increased costs associated with highway replacement projects, specifically Pennsylvania Department of Transportation ("PennDOT") projects with an increased level of scope compared to a typical municipal replacement project, VEOLIA's investment level was higher than initially estimated as shown in **Exhibit 2**. VEOLIA has experienced a trend in overall increased actual costs versus estimated



LTIP costs during the 2022-2026 period due to overall industry conditions attendant to external pressures such as supply chain, PFAS mitigation, inflation, and other factors.

Exhibit 2 shows that VEOLIA invested \$20.6 million in in-service infrastructure improvements in 2025. This exceeds the estimated LTIP projected cost of \$13.6 million for 2025 with \$7.8 million of the total increased costs attributable to the PennDOT dependent Highway Projects (CYYD700). In 2026, VEOLIA projects the installation of approximately 7.5 miles of main, compared to the 10 estimated miles of main to be installed/replaced as set forth in the Modified Second LTIP (see **Exhibit 1**). The estimated cost for the 7.5 miles is approximately \$14 million for 2026. As of this filing, work has commenced on \$2.4 million of main replacements, totaling approximately 1.4 miles, and VEOLIA is on track to achieve its projected installation of 7.5 miles of main for 2026. VEOLIA notes that the replacement rate in 2026 may be impacted by multi-year projects, increased funding requirements for company-side lead line replacements, PFAS regulations, and necessary water quality improvements resulting in a focus on transmission main replacement compared to distribution main replacement.

Overall, VEOLIA's total investment is projected to reach \$85.3 million by the conclusion of the five-year term as compared to the \$69.8 million total net budget outlined in the Modified Second LTIP. VEOLIA projects that it will be approximately 91% substantially compliant across all categories of installed units within its five-year plan, not including additional categories for implementation of replacement end point installations that began in 2023, as well as company-wide lead service replacements scheduled to commence in 2026. Accordingly, for the reasons set forth above, VEOLIA is presently forecasting that the total actual LTIP costs for 2022-2026 will exceed the estimated LTIP costs by approximately \$15.5 million, which is 2% greater than the Major Modification threshold percentage set forth in 52 Pa. Code § 121.2 (definition of Major Modification). This is the final year for VEOLIA's current LTIP and so VEOLIA respectfully submits that an amendment of the Second Modified LTIP is not necessary under 52 Pa. Code § 121.6(c). In the event that the Commission deems this 2% exceedance to qualify as a Major Modification, VEOLIA respectfully requests a waiver for good cause pursuant to 52 Pa. Code § 1.91, insofar as this deviation is minor in nature and a waiver promotes administrative efficiency.

Lastly, Ordering Paragraph 6 of the Commission's July 24, 2025, Order in Docket No. P-2023-3042107 required VEOLIA to include a report that details its updated unaccounted-for water, non-revenue water ("NRW") and main break occurrence rates in every AAOP filed with the Commission, beginning with the AAOP filed in March 2026. The NRW rate for VEOLIA from January 1, 2025 – December 31, 2025, was 30.6%, and the unaccounted-for water rate was 26%. Additionally, while there were 120 main breaks in 2025 compared to 92 in 2024, VEOLIA's NRW remained flat at 30.6% despite the increased number of breaks, which indicates efficiencies in system performance. The NRW volume was 1,978 million gallons which includes increased flushing and the draining and filling of tanks to address water clarity concerns. While the NRW rate remained consistent with the 2024 rate of 30.6%, approximately 1.8% of the 2025 NRW was attributed to company-initiated water quality measures.

In accordance with 52 Pa. Code § 65.59(a), enclosed is VVPA's Lead Service Line Replacement ("LSLR") program report (public version) for the historic period of January 1, 2025 to December 31, 2025.



Thank you for your attention to this matter. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Larry Finnicum
Regional President, MidAtlantic Division
VEOLIA Water North America, Inc

Enclosures



Exhibit 1. Veolia Water Pennsylvania, Inc. LTIP 5-Year Plan, 2022 – 2026

Table 1: Projected LTIP Services, Valves, Hydrants, Meters

Year	Services	Valves	Hydrants	Meters
2022	1,250	250	100	3,250
2024	1,250	250	100	3,250
2024	1,250	250	100	3,250
2025	1,250	250	100	3,250
2026	1,250	250	100	3,250
Total	6,250	1,250	500	16,250

Table 2 - Estimated Miles of Main Replacement 2022 to 2026

Year	D100	D600	D700	Total Miles
2022	1.0	7.5	1.5	10.0
2023	1.0	7.5	1.5	10.0
2024	1.0	7.5	1.5	10.0
2025	1.0	7.5	1.5	10.0
2026	1.0	7.5	1.5	10.0
Total	5.0	37.5	7.5	50.0

Table 3 - DSIC Expenditures for 2022 through 2026 (\$1,000's)

PROJECT ID	PROJECT TITLE	2022	2023	2024	2025	2026
CYYD502_002	Replacement Short Mains & Valves	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900
CYYD501_002	Replacement Fire Hydrants	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
CYYD700_002	Highway Main Projects	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
CYYD100_002	New Mains – DSIC	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
CYYD600_002	Replacement Main Projects	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
CYYF501_002	Replacement Domestic Services	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
CYYF502_002	Replacement Lead Services	\$ -	\$ -	\$ -	\$ 579	\$ 579
CYYF503_002	Replacement Fire Services	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
CYYF504_002	Replacement Customer Lead Services	\$ -	\$ -	\$ -	\$ 360	\$ 360
CYYG501_002	Replacement Customer Meters	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
TOTAL NET DSIC		\$ 13,575	\$ 13,575	\$ 13,575	\$ 14,514	\$ 14,514
TOTAL NET BUDGET		\$ 23,999	\$ 42,857	\$ 29,147	\$ 33,647	\$ 38,692
PERCENT DSIC		57%	32%	47%	43%	38%



Exhibit 2: Veolia Water Pennsylvania, Inc. 2025 Actual Installation Compared to LTIP Plan

Table 1: LTIP Services, Valves, Hydrants, Meters - 2025				
Year	Services	Valves	Hydrants	Meters
2025 Estimate	1,250	250	100	3,250
2025 Actual	832	212	57	1,641

Table 2: Miles of LTIP Main DSIC- 2025				
Year	New Mains	Repl. Main	Highway	Total
2025 Estimate	1.0	7.5	1.5	10.0
2025 Actual	0.0	5.21	3.84	9.05

Table 3: LTIP In-Service Amounts for 2025 (in \$1,000's)			
PROJECT ID	PROJECT TITLE	2025 Estimate	2025 Actual
CZZD502_002	Replacement Short Mains & Valves - DSIC	\$ 900	\$ 1,642
CZZD501_002	Replacement Fire Hydrants - DSIC	\$ 50	\$ 101
CZZD503_002	Replacement Valve Blankets	\$ 0.00	\$ 12
C25D700_002	Highway Main Projects - DSIC	\$ 1,500	\$ 9,279
C25D100_002	New Mains - DSIC	\$ 1,000	\$ 0.00
C25D600_002	Replacement Main Projects - DSIC	\$ 7,500	\$ 7,200
CZZF503_002	Replacement Fire Services - DSIC	\$ 25	\$ 0.00
CZZG501_002	Replacement Customer Meters - DSIC	\$ 2,100	\$ 616
CZZF501_002	Replacement Domestic Services - DSIC	\$ 500	\$ 1,569
CZZF502_002	Replacement Lead Services - DSIC	\$ 0.00	\$ 39
CZZG502_002	Replacement Endpoints - DSIC	\$ 0.00-	\$ 180
	TOTAL NET DSIC	\$ 13,575	\$ 20,638

Table 4 - Pipe Material Replaced 2025	
Pipe Material	Miles
AC	6.41
GALVANIZED	0.45
Unlined CI	2.0
Other	0.19
Total	9.05

**Lead Service Line Replacement Program Report
for Calendar Year 2025 (PUBLIC VERSION)**

In accordance with 52 Pa. Code § 65.59(a), Veolia Water Pennsylvania, Inc. (“VEOLIA”) submits this Lead Service Line Replacement (“LSLR”) program report as part of VEOLIA’s AAOP for the historic period of January 1, 2025 to December 31, 2025.

In accordance with 52 Pa. Code § 65.59(b), VEOLIA submits the following:

- (1) The number of LSLs replaced in the preceding year by water system.
 - **ANSWER:** One galvanized customer side service line was replaced in the Shavertown system in 2025. No customer side lead service lines were replaced in any other system. Consequently, the answers for numbers 2-5 only include information for the Shavertown system.
- (2) The length of LSLs removed, by pipe diameter, in each water system.
 - **ANSWER:** There was a 74 ft. section of 1 inch galvanized pipe replaced in the Shavertown system.
- (3) The length, pipe diameters and material types of LSLRs by water system.
 - **ANSWER:** The Shavertown service line was replaced with 74 ft of 3/4 inch PE.
- (4) The actual cost of each LSLR by water system.
 - **ANSWER:** The Shavertown replacement cost \$13,773.90.
- (5) The average cost of a LSLR by water system.
 - **ANSWER:** The average cost of a service line replacement in the Shavertown system was \$13,773.90.
- (6) The total annual LSLR expenditures for the calendar year by customer class.
 - **ANSWER:** The total annual cost of service line replacements for residential customers was \$13,773,90. For all other customer classes, the total annual expenditure was \$0.
- (7) The total projected LSLR expenditures for the following calendar year.
 - **ANSWER:** The spend for 2026 is anticipated to be \$952,812 for service line replacements.
- (8) The entity’s outreach and coordination activities with other entities, the Department of Transportation, local governments and customers.
 - **ANSWER:** VEOLIA has reached out to customers to encourage them to fill out the identification survey via text message and email. Also see the answer to #12, below.

(9) The number of LSLR refusals for the calendar year, including municipality and reason for refusal.

- **ANSWER:** There were no refusals for the calendar year 2025.

(10) Applicable lead monitoring requirements established by the Department of Environmental Protection for each of the entity's water distribution systems.

- **ANSWER:** Triennial lead and copper monitoring was completed in 2025. There were no additional lead monitoring requirements established for 2025.

(11) The entity's compliance with the regulatory requirements established by the United States Environmental Protection Agency and the Department of Environmental Protection, including a description of any violations thereof associated with lead.

- **ANSWER:** All systems had a 90th percentile level below the current MCL for both lead and copper samples.

(12) The current status of the entity's service line inventory efforts.

- **ANSWER:** The baseline inventory will be submitted by November 1, 2027. Currently, there are 11,924 unknown company service lines and 16,020 unknown customer service lines that were constructed before 1991 and are smaller than 2 inches in diameter. VEOLIA is continuing outreach efforts to customers and is performing customer requested in-home inspections, as well as identifying the service line material through other inspections such as meter replacements and backflow inspections.

(13) The entity's efforts to obtain grants, low interest loans and donations for LSLRs.

- **ANSWER:** **[BEGIN PROPRIETARY] [END PROPRIETARY]**

CERTIFICATE OF SERVICE
Docket No. M-2026-_____

I hereby certify that I have this day served a true copy of the foregoing **Annual Asset Optimization Plan and Lead Service Line Replacement Program Annual Report of Veolia Water Pennsylvania, Inc. (Public Version)** upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL AND FIRST CLASS MAIL

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Respectfully,



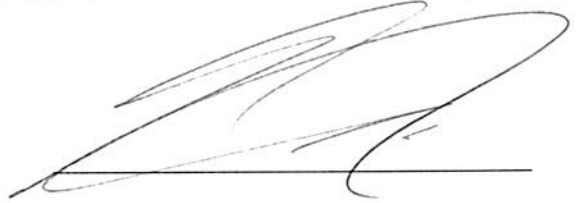
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Date: February 27, 2026

VERIFICATION

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

Date: 2-27-2026

A handwritten signature in black ink, appearing to read "Larry Finnicum", written over a horizontal line.