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VIA eFiling

March 2, 2026

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

Re: Pennsylvania-American Water Company ("PAWC")
2025 Water Annual Asset Optimization Plan
Docket No. M-2026-_____

Dear Secretary Homsher:

Enclosed for filing is Pennsylvania-American Water Company's 2025 Water Annual Asset Optimization Plan ("AAOP") in compliance with 66 Pa.C.S. § 1356.

A copy of the AAOP has been served upon the parties listed on the enclosed Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Teresa Harrold". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Teresa K. Harrold

Enclosures

cc: K. Shaffer, Bureau of Technical Utility Services w/Enc.
Certificate of Service

Pennsylvania-American Water Company 2025 Water Annual Asset Optimization Plan

Introduction:

Pennsylvania-American Water Company (“PAWC” or “Company”) files this Annual Asset Optimization Plan (“AAO Plan”) for its Water Operations in compliance with 66 Pa C.S. § 1356. This section requires a utility with an approved distribution system improvement charge (“DSIC”) and a long-term infrastructure improvement plan (“LTIIIP”) to file an AAO Plan.

PAWC filed its Petition seeking Commission approval of its initial Water Long-Term Infrastructure Improvement Plan for the calendar years 2017 – 2021. PAWC received approval for its 2017-2021 Water LTIIIP from the Pennsylvania Public Utility Commission in an Order dated May 18, 2017 at Docket No. P-2017-2585707. PAWC received approval for its second Water LTIIIP for the years 2022-2026 from the Pennsylvania Public Utility Commission in an Order dated December 16, 2021 at Docket No. P-2021-3028300. On July 22, 2024, at Docket No. P-2021-3028300, PAWC filed a Petition for Approval of Modifications of Water Long-Term Infrastructure Improvement Plan II and Approval of its Second Revised Water Long-Term Infrastructure Improvement Plan II for the Period January 1, 2022 through December 31, 2026 (“Petition and Second Revised Water LTIIIP II”). Also on July 22, 2024, at Docket No. P-2024-3050263, the Company filed a Petition for Approval of a Lead Service Line Replacement Program and, as part of the filing, included the Second Revised Water LTIIIP II as Exhibit E. A Joint Petition for Approval of Settlement of All Issues (“Settlement”) was filed on March 31, 2024 in the proceedings at Docket No. P-2024-3050263.

The Commission entered an Order on August 14, 2025 at Docket No. P-2024-3050263 that, *inter alia*, (1) approved the Second Revised Water LTIIIP, as modified by the Settlement, (2) directed PAWC to file an Amended LTIIIP at Docket No. P-2024-3050263 that incorporates any modifications thereto consistent with the August 14, 2025 Order, and (3) directed TUS to complete its review of the modified LTIIIP and submit an order for Commission consideration. On September 12, 2025, PAWC filed the Amended LTIIIP at Docket No. P-2024-3050263 as directed by the August 14, 2025 Order. At the time of this filing, TUS is in the process of undertaking its review as directed by the August 14, 2025 Order.

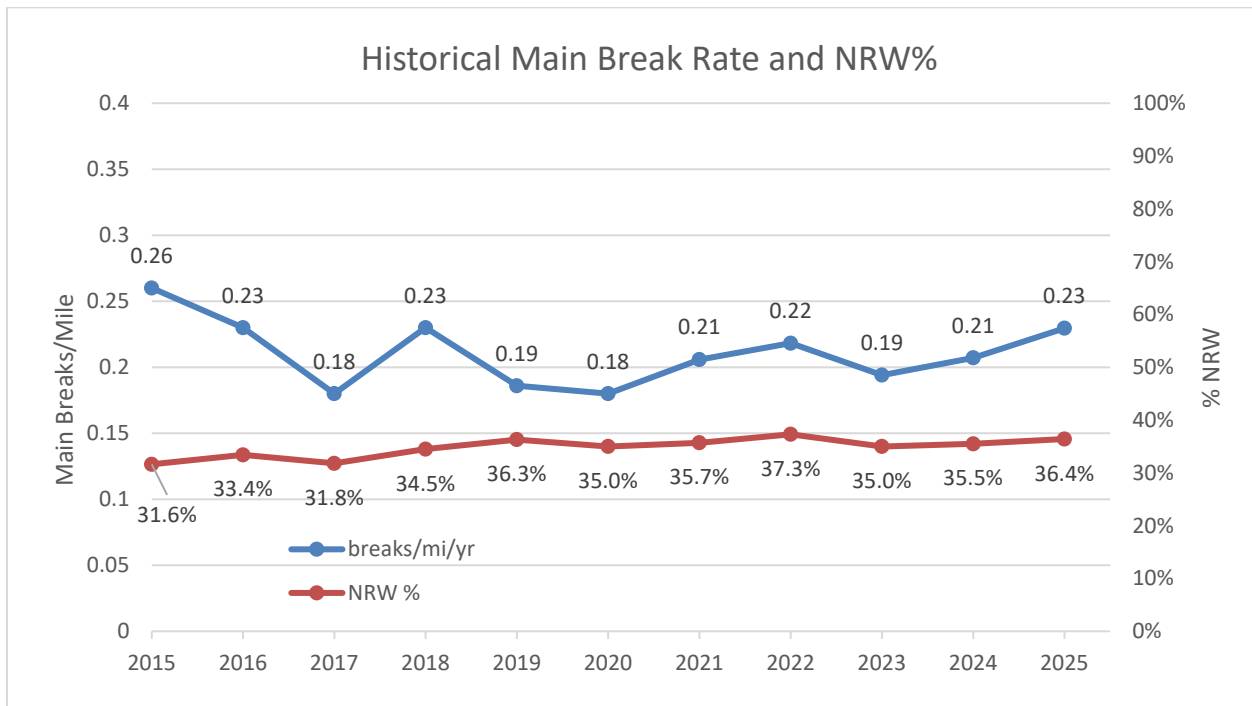
The AAO Plan contained herein has the following elements:

- 1) Report of non-revenue water and main break rates;
- 2) A description of all eligible property repaired, improved, and replaced in the preceding 12 months, pursuant to the utility's long-term infrastructure improvement plan and the prior year's asset optimization plan;
- 3) A detailed description of all facilities to be improved in the upcoming 12 months; and
- 4) A detailed description of the Company's lead service line replacement program.

Non-Revenue Water and Main Break Rates

In accordance with requirements within Docket No. P-2024-3050263, Exhibit 1, below, is a graph showing both non-revenue water ("NRW") and main break rates since 2015. Please note that non-revenue water is an imprecise indicator of success or failure of a main replacement program. An event that helps point out the lack of correlation between non-revenue water and success of a main replacement program is the Agnew Street main break in September of 2019. This main was not significantly old, as it was ductile iron main installed in the mid-1980s. Road salt had migrated to the area below the pipe and contributed to corrosion from the outside of the main. Due to the location and size of the main this one event drained the bulk of the storage in the Pittsburgh area. Changes in water regulation also contributed to an approximate 3.5% uptick in NRW beginning in 2018 and 2019. The residual rule requires additional hydrant flushing to maintain an increased disinfectant residual concentration.

Exhibit 1: Historical Main Break Rates and Non-Revenue Water Percentage



Description of PAWC’s Water Systems (DSIC-eligible)

PAWC owns and operates 69 water systems across Pennsylvania, providing potable water service to approximately 689,000 active water customers, or a population of 2.4 million people in 456 communities located in 37 counties in Pennsylvania. PAWC’s distribution facilities consist of approximately 292 water storage tanks, 302 booster pump stations and 10,382 miles of finished water pipe. The following tables summarize DSIC-eligible property at the end of 2025 for each water district. The following water systems, acquired between November 2024 and November 2025, are excluded from the tables: Farmington, Dilliner, Audubon & Valley Forge Crossing MHP, Manwalamink, Appalachian, and Corner.

Table 1: PAWC Water Districts – 2025 Summary

DISTRICT CODE	DISTRICT	TOTAL MILES	NUMBER OF PUBLIC HYDRANTS	NUMBER OF VALVES	NUMBER OF SERVICES	NUMBER OF CUSTOMERS	NUMBER OF ACTIVE METERS
2411	Pittsburgh	1,585	6,890	34,319	137,712	137,523	141,168
2414	Steelton	28	210	805	2,462	2,346	2,423
2421	McMurray	1,219	4,467	18,374	63,593	59,276	61,228
2422	Mon-Valley	381	1,490	6,306	19,969	21,273	22,578
2423	Connellsville/Uniontown	235	721	4,721	12,388	13,469	14,326
2425	Brownsville	113	395	1,920	4,026	4,617	5,035
2431	New Castle/Ellwood	509	1,966	9,465	30,827	27,338	28,728
2433	Butler	329	1,448	5,850	20,923	20,046	20,710
2441	Indiana	120	326	2,434	7,261	7,494	7,628
2442	Punxsutawney	86	215	1,271	3,799	3,629	3,758
2443	Clarion	130	497	1,979	4,670	4,199	4,514
2444	Kittanning	21	97	513	2,029	1,941	2,134
2445	Warren	87	325	1,663	5,827	5,421	5,627
2446	Kane	43	159	837	2,397	2,076	2,238
2451	Norristown	390	1,738	8,014	32,183	33,970	34,595
2452	Yardley	193	791	4,138	12,087	13,013	13,072
2453	Abington	144	424	2,468	6,924	6,763	6,842
2454	Susquehanna/Hallstead	60	152	986	3,017	2,537	2,711
2455	Bangor	57	175	1,068	3,607	3,761	3,867
2456	Nazareth	158	666	3,307	10,701	10,340	10,376
2457	Pocono	156	155	1,766	10,934	8,616	9,022
2459	Glen Alsace	146	872	2,936	9,626	9,563	10,625
2461	Mechanicsburg	550	2,350	12,896	51,517	42,710	43,260
2462	Hershey	335	1,434	8,355	24,543	21,019	21,304
2463	Penn	165	749	3,396	12,202	12,931	12,910
2464	Royersford	297	1,612	6,357	19,124	19,775	19,822
2465	Coatesville	229	1,068	4,048	13,637	15,364	15,981
2466	Lake Heritage	13	0	125	759	880	886
2468	Lehman Pike	172	278	2,550	9,972	8,416	8,694
2471	Milton	241	785	4,823	13,961	12,959	13,238
2472	Philipsburg	302	437	4,173	9,761	7,964	8,383
2473	Berwick	84	245	1,707	7,085	6,278	6,597
2474	Frackville	25	126	652	2,691	2,338	2,480
2477	Boggs	4	13	53	26	25	30
2478	Nittany	15	31	163	737	584	599
2479	Wildcat	1	0	6	57	28	
2480	Creekside	2	22	53	213	206	181
2484	McEwensville	3	9	71	164	130	132
2488	Turbotville	5	25	101	317	326	327
2491	Wilkes-Barre/Scranton	1,750	7,058	40,232	132,823	137,743	142,804
	TOTAL	10,382	40,421	204,901	706,551	688,887	710,833

**Table 2: PAWC Water Districts – 2025
Finished Water Mains / Pipe Diameter by District**

DISTRICT CODE	DISTRICT	TOTAL LENGTH BY DIAMETER (MI)						TOTAL (MI)
		≤ 2"	> 2" - ≤ 4"	6"	8"	10" - 12"	≥ 14"	
2411	Pittsburgh	2.8%	2.9%	13.1%	62.3%	8.3%	10.6%	1,585
2414	Steelton	0.2%	6.7%	25.4%	39.4%	24.8%	3.4%	28
2421	McMurray	2.8%	2.8%	7.5%	50.5%	28.9%	7.4%	1,219
2422	Mon-Valley	6.1%	1.9%	22.7%	45.8%	15.4%	8.1%	381
2423	Connellsville/Uniontown	5.4%	5.0%	15.2%	47.5%	20.9%	6.0%	235
2425	Brownsville	8.1%	7.1%	10.6%	44.6%	22.8%	6.7%	113
2431	New Castle/Ellwood	2.4%	3.0%	22.9%	40.1%	21.8%	9.8%	509
2433	Butler	1.9%	3.4%	18.3%	46.9%	23.6%	5.9%	329
2441	Indiana	1.0%	3.4%	16.1%	61.4%	11.9%	6.2%	120
2442	Punxsutawney	4.3%	5.4%	11.4%	45.1%	33.8%	0.0%	86
2443	Clarion	1.6%	0.4%	10.3%	40.6%	44.2%	3.0%	130
2444	Kittanning	4.2%	7.5%	31.7%	31.7%	21.2%	3.6%	21
2445	Warren	1.1%	6.5%	26.7%	40.6%	15.3%	9.8%	87
2446	Kane	1.4%	1.9%	11.4%	73.3%	11.8%	0.2%	43
2451	Norristown	0.6%	2.7%	14.2%	56.9%	17.6%	8.0%	390
2452	Yardley	0.2%	0.8%	20.3%	58.0%	16.1%	4.7%	193
2453	Abington	1.0%	3.6%	15.6%	65.1%	12.8%	2.0%	144
2454	Susquehanna/Hallstead	2.4%	5.0%	12.6%	41.9%	37.6%	0.5%	60
2455	Bangor	2.0%	5.7%	38.6%	37.7%	12.4%	3.6%	57
2456	Blue Mountain/Nazareth	1.6%	6.2%	24.9%	38.4%	19.8%	9.1%	158
2457	Pocono	3.7%	39.7%	19.2%	27.5%	9.8%	0.0%	156
2459	Glen Alsace	0.4%	3.1%	15.9%	50.5%	28.1%	1.9%	146
2461	Mechanicsburg	0.6%	2.8%	18.1%	43.7%	23.5%	11.2%	550
2462	Hershey	0.7%	2.6%	15.5%	39.0%	32.9%	9.4%	335
2463	Penn	0.1%	3.5%	26.9%	42.3%	26.1%	1.0%	165
2464	Royersford	0.1%	1.7%	6.7%	49.4%	37.7%	4.4%	297
2465	Coatesville	0.1%	2.2%	14.8%	48.9%	18.5%	15.6%	229
2466	Lake Heritage	0.0%	41.8%	35.9%	22.3%	0.0%	0.0%	13
2468	Lehman Pike	4.2%	20.5%	35.0%	36.1%	4.2%	0.1%	172
2471	Milton	0.9%	0.9%	20.6%	42.3%	21.5%	13.8%	241
2472	Philipsburg	4.3%	5.8%	13.1%	57.3%	16.9%	2.6%	302
2473	Berwick	2.8%	21.0%	19.3%	36.7%	13.5%	6.6%	84
2474	Frackville	2.6%	7.1%	14.5%	54.3%	21.5%	0.0%	25
2477	Boggs	1.8%	0.1%	4.6%	5.0%	87.0%	1.5%	4
2478	Nittany	23.6%	14.0%	17.1%	28.1%	17.3%	0.0%	15
2479	Wildcat	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	1
2480	Creeside	7.1%	0.0%	0.0%	92.9%	0.0%	0.0%	2
2484	McEwensville	2.4%	31.5%	64.9%	0.0%	0.0%	1.2%	3
2488	Turbotville	1.2%	8.8%	83.3%	4.7%	0.0%	2.0%	5
2491	Wilkes-Barre/Scranton	1.9%	5.8%	19.4%	43.7%	17.1%	12.1%	1,750
	TOTAL (MI)	236	479	1,707	5,053	2,039	868	10,382

Table 3: PAWC Water Districts - Length by Material Type (2025)

DISTRICT CODE	DISTRICT	TOTAL LENGTH BY MATERIAL (MI)											TOTAL (MI)
		TR	CEM	CI	CU	DI	GALV	HDPE	PLASTIC-OTHER	PVC	ST	OTH	
2411	Pittsburgh	0.1%	4.6%	27.5%	0.3%	63.8%	0.1%	1.0%	0.0%	0.1%	0.0%	2.6%	1,585
2414	Steelton	0.0%	0.0%	32.1%	0.2%	67.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	28
2421	McMurray	2.2%	2.5%	13.0%	0.5%	76.8%	0.1%	2.7%	0.0%	2.1%	0.1%	0.0%	1,219
2422	Mon-Valley	2.0%	1.5%	33.2%	1.1%	59.6%	0.1%	1.8%	0.0%	0.4%	0.1%	0.1%	381
2423	Connellsville/Uniontown	3.7%	0.0%	23.3%	0.7%	65.1%	0.3%	2.8%	0.1%	3.9%	0.0%	0.0%	235
2425	Brownsville	1.0%	0.0%	17.7%	1.6%	68.3%	0.2%	5.1%	0.0%	6.0%	0.0%	0.1%	113
2431	New Castle/Ellwood	5.8%	1.3%	25.1%	0.3%	64.4%	0.1%	0.9%	0.0%	2.0%	0.1%	0.0%	509
2433	Butler	18.3%	0.3%	16.4%	0.2%	52.4%	0.1%	0.9%	0.1%	11.4%	0.0%	0.0%	329
2441	Indiana	26.6%	0.5%	14.6%	0.4%	57.2%	0.0%	0.6%	0.0%	0.1%	0.0%	0.0%	120
2442	Punxsutawney	5.2%	0.0%	12.9%	1.1%	76.3%	0.1%	0.5%	0.0%	3.9%	0.0%	0.0%	86
2443	Clarion	7.1%	0.0%	2.6%	0.2%	80.2%	0.1%	0.5%	0.3%	8.5%	0.0%	0.5%	130
2444	Kittanning	8.3%	0.0%	56.4%	0.2%	31.7%	0.0%	2.1%	0.4%	0.8%	0.0%	0.0%	21
2445	Warren	27.5%	0.0%	15.8%	0.1%	56.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	87
2446	Kane	27.1%	0.0%	17.0%	0.9%	54.1%	0.0%	0.6%	0.0%	0.2%	0.0%	0.0%	43
2451	Norristown	6.0%	0.7%	23.6%	0.3%	69.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	390
2452	Yardley	18.7%	0.0%	2.6%	0.1%	78.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	193
2453	Abington	0.5%	0.0%	26.4%	0.1%	70.9%	0.1%	0.9%	0.1%	1.0%	0.0%	0.0%	144
2454	Susquehanna/Hallstead	10.8%	0.0%	19.2%	0.6%	68.9%	0.0%	0.3%	0.0%	0.2%	0.0%	0.0%	60
2455	Bangor	6.2%	0.0%	52.6%	0.0%	38.8%	0.0%	0.2%	1.0%	1.1%	0.0%	0.0%	57
2456	Nazareth	0.9%	0.1%	45.5%	0.6%	52.4%	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	158
2457	Pocono	3.0%	0.0%	0.7%	0.1%	43.0%	0.0%	2.1%	0.0%	50.6%	0.0%	0.5%	156
2459	Glen Alsace	0.6%	0.0%	14.8%	0.1%	83.7%	0.1%	0.0%	0.5%	0.2%	0.0%	0.0%	146
2461	Mechanicsburg	5.1%	2.0%	23.2%	0.2%	69.0%	0.1%	0.0%	0.0%	0.4%	0.0%	0.0%	550
2462	Hershey	4.4%	0.0%	17.8%	0.1%	76.6%	0.1%	0.0%	0.1%	0.9%	0.0%	0.0%	335
2463	Penn	0.3%	0.0%	28.3%	0.0%	70.7%	0.1%	0.0%	0.0%	0.5%	0.0%	0.0%	165
2464	Royersford	3.6%	0.0%	3.6%	0.0%	91.9%	0.1%	0.1%	0.0%	0.6%	0.0%	0.1%	297
2465	Coatesville	6.6%	0.0%	9.9%	0.0%	75.3%	0.0%	1.5%	0.0%	6.6%	0.0%	0.0%	229
2466	Lake Heritage	97.5%	0.0%	0.0%	0.0%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	13
2468	Lehman Pike	0.0%	0.0%	7.2%	0.1%	37.9%	0.0%	0.4%	4.1%	45.7%	0.0%	4.5%	172
2471	Milton	12.1%	1.9%	27.1%	0.3%	56.3%	0.0%	0.1%	0.0%	2.2%	0.0%	0.1%	241
2472	Philipsburg	8.7%	0.4%	3.6%	0.2%	68.7%	0.1%	0.1%	0.0%	17.9%	0.0%	0.3%	302
2473	Berwick	9.4%	0.0%	46.4%	0.1%	43.2%	0.1%	0.4%	0.0%	0.2%	0.0%	0.1%	84
2474	Frackville	9.6%	0.5%	25.1%	0.5%	64.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.1%	25
2477	Boggs	0.0%	0.0%	0.0%	0.0%	98.4%	0.0%	0.0%	0.0%	1.6%	0.0%	0.0%	4
2478	Nittany	15.7%	0.0%	0.0%	2.7%	34.3%	0.7%	0.0%	0.0%	46.5%	0.0%	0.0%	15
2479	Wildcat	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	1
2480	Creekside	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%	88.5%	0.0%	7.1%	2
2484	McEwensville	0.0%	0.0%	0.1%	0.1%	1.6%	0.0%	0.0%	0.0%	98.2%	0.0%	0.0%	3
2488	Turbotville	3.8%	0.0%	64.3%	0.0%	27.6%	0.0%	0.0%	0.0%	3.1%	0.0%	1.2%	5
2491	Wilkes-Barre/Scranton	0.0%	0.0%	48.3%	0.2%	49.2%	0.0%	0.1%	0.1%	1.6%	0.3%	0.1%	1,750
	TOTAL (MI)	446	136	2,573	33	6,630	8	92	12	389	8	55	10,382

Note: TR - Transit CEM – Concrete CI – Cast Iron DI – Ductile Iron GALV – Galvanized HDPE – High Density Polyethylene PVC – Polyvinyl Chloride (Plastic) ST – Steel

Long Term Infrastructure Plan Summary

PAWC has continuously invested in its water infrastructure to maintain safe, reliable service to its customers. PAWC has accelerated DSIC-eligible investment over the last 20 years from approximately \$30 million in 2001 to the current investment level of \$303 million annually, based on a rolling four-year average. As shown in Table 4, the Company proposes to sustain this previously accelerated rate of infrastructure investment and replacement and continue making necessary improvements to maintain safe, reliable service to its customers. The increase is to overcome recent inflation in the price of material and to account for increased costs of restoration as more municipalities require full street width repaving. For example, an unforeseeable pipe cost increase of 25% followed by 50% was experienced in 2022 and 2023, with another 6% increase in 2024 and 5% in 2025. This table compares the actual to projected expenditures during the 2012-to-2025 time frame and projects annual expenditures through 2026 based on PAWC’s July 2024 Revised LTIP, which is pending before the Commission at Docket No. P-2024-3050263. Actual annual expenditures exceeded projected expenditures in 2025. The Company increased the level of investment in main replacement in 2023 in response to stagnant or slightly increasing main break rates and NRW % in prior years. This additional main replacement brought the 2023 through 2025 levels of investment close to the ideal 1% investment level. NRW % has slightly decreased since 2022, while main breaks have remained close to 0.2 breaks/mile/year.

Table 4: Projected and Actual Annual DSIC-Eligible Expenditures (\$ Million) 2012 to 2026

Year	Projected Annual Expenditures	Projected Rolling 4 Year Average Expenditures	Actual Annual Expenditures	Actual Rolling 4 Year Average Annual Expenditures
2012	\$136.31	\$119.74	\$136.31	\$119.74
2013	\$144.09	\$130.94	\$144.09	\$130.94
2014	\$142.29	\$138.49	\$142.29	\$138.49
2015	\$185.11	\$151.95	\$185.11	\$151.95
2016	\$181.78	\$163.32	\$181.78	\$163.32
2017	\$139.75	\$162.23	\$140.57	\$162.44
2018	\$148.03	\$163.67	\$149.94	\$164.35
2019	\$186.05	\$163.90	\$192.15	\$166.11
2020	\$180.99	\$163.71	\$192.19	\$168.71
2021	\$141.19	\$164.07	\$139.05	\$168.33
2022	\$188.27	\$174.12	\$232.64	\$189.01
2023	\$187.85	\$174.57	\$307.57	\$217.86
2024	\$279.75	\$199.26	\$310.61	\$247.47
2025	\$300.58	\$239.11	\$362.94	\$303.44
2026	\$265.54	\$258.43		

Note: 2024 – 2026 Projections are from PAWC’s July 2024 Revised LTIP, which was approved by the Commission on August 14, 2025 at Docket No. P-2024-3050263.

Summary of water DSIC-eligible expenditures – Calendar year 2025

The following two tables summarize DSIC-eligible expenditures for 2025 in comparison with the Revised (July 2024) Water 2025 LTIP.

Table 5 – Comparison by DSIC-eligible property category.

Table 6 – Comparison of DSIC-eligible expenditures & miles of main
Prior Year Plan (2025 LTIP) vs 2025 Actual

Table 5: Comparison by DSIC-Eligible property category (\$ Million) – 2025

Category	LTIP	Actual
Mains	\$208.13	\$267.90
Services	\$54.06	\$46.18
Meters	\$25.46	\$33.16
Hydrants & Valves	\$12.93	\$15.70
Total	\$300.58	\$362.94

Note: Valve expenses are tracked within main projects and with hydrants.

**Table 6: Comparison of DSIC-eligible expenditures & miles of main
Prior Year Plan (July 2024 Revised LTIP) vs 2025 Actual**

District	\$ Million		Miles of Main	
	2025 LTIP	2025 Actual	2025 LTIP	2025 Actual
Pittsburgh	\$50.87	\$47.21	20.7	21.7
Wilkes Barre/Scranton	\$23.43	\$17.22	14.9	12.8
Elizabeth	\$9.32	\$10.64	4.4	4.7
NewCastle/Ellwood	\$2.06	\$2.41	1.4	1.9
Uniontown/Connellsville	\$3.84	\$4.89	1.7	2.4
Norristown	\$3.59	\$6.36	1.0	1.4
NorthEast PA	\$7.69	\$9.40	8.4	6.3
SouthEast PA	\$4.82	\$5.96	7.9	2.8
Central PA	\$7.59	\$8.67	7.1	6.0
SouthWest PA	\$21.30	\$19.36	10.6	10.8
NorthWest PA	\$7.02	\$13.52	5.5	8.5
Subtotal	\$141.53	145.63	83.5	79.22
Unscheduled Mains & Relocations	\$39.78	53.67	3.9	9.49
Investment Projects - Mains	\$26.82	68.60	11.7	4.00
TOTAL	\$208.13	267.90	99.1	92.71

The total miles of main replaced across all PAWC districts in 2025 was 92.7 miles. The following Table 7 is a summary of scheduled water DSIC-eligible properties replaced in 2025. Attachment A is a detailed listing of DSIC-eligible water projects that were completed in 2025.

Table 7: Summary of Scheduled Water DSIC-Eligible Properties Replaced in 2025

	Total	Total	Total	Total	Total
Quantity	2025 Actuals	2025 Actuals	2025 Actuals	2025 Actuals	2025 Actuals
	miles	Services	Hydrants	Valves	Meters
Total:	79.22	10,409	574	2,853	42,678
Pittsburgh	21.65	3,166	164	811	6,976
Wilkes Barre/Scranton	12.76	1,733	91	450	4,535
Elizabeth	4.72	466	27	135	1,720
NewCastle/Ellwood	1.92	234	13	63	1,463
Uniontown/Connellsville	2.45	363	29	137	613
Norristown	1.38	272	16	79	2,701
NorthEast PA	6.26	727	38	189	3,019
SouthEast PA	2.82	595	34	166	9,410
Central PA	5.96	860	46	232	3,868
SouthWest PA	10.79	1,025	74	367	3,682
NorthWest PA	8.50	968	43	222	4,691
Unscheduled and Relocations	9.49				
Investment Projects - Mains	4.00				

Lead Service Lines

The Company is in the process of replacing customer-owned lead service lines pursuant to its Lead Service Line Replacement Program (“LSLRP”). In 2023, the Company began to accelerate customer-owned lead service line replacements. Table 8 identifies the customer side lead or galvanized service lines replaced between January 2025 and December 2025 (12 month period). In total, 1,433 customer side lead service lines were replaced during this period, an increase from the 1,105 customer side lead service lines reported in the 2024 AAOP proceeding. The overall cost of these lead service line replacements increased from approximately \$9.4 million in 2024 to \$12.0 million during this period. In calendar year 2025, a total of 116 customer side Part 1 replacements and 1,397 customer side Part 2 replacements were completed, as shown in Table 9. The variance between Table 8 and Table 9 is attributed to timing and different reporting systems (financial system vs. work order management system). Attachment C includes a

detailed list of customer lead service lines replaced between January 2025 and December 2025, including the geographic location and cost per line replacement.

When the Lead and Copper Rule Revisions became effective in December of 2021, resources were allocated towards the service line material inventory project. PAWC continues to survey potential lead and galvanized services and is reaching out to customers through mailers, door hangers, in-home visits, and other communications with links to a customer survey. PAWC continues to educate customers about its LSLRP through paid media customer education campaigns, which includes TV/cable, Hulu, YouTube, digital audio and social media geotargeted to customers in the Company's service territory. The Company revised its website in 2024 and modified its landing page to include additional program information: <https://www.amwater.com/paaw/water-quality/Lead-and-Drinking-Water/>. The site includes FAQs about the LSLRP, information about service line material and the inventory project, information about lead in drinking water, a link to the customer service line material map, and more. These outreach initiatives provided information to our customers and stakeholders and contributed to the accelerated participation rate.

The Company updates its website regularly with relevant information about the LSLRP, including a public-facing web-based map showing company and customer service line materials: <https://experience.arcgis.com/experience/4997839853a040a8b1f330523b8d929b/>. As information is gathered during the survey, it is used to update the public-facing web-based map and the Company's internal GIS mapping.

With the continued development of the lead service inventories and increased customer participation as a result of outreach efforts, PAWC anticipates replacing 1,800 lead and galvanized service lines in 2026. We are targeting more areas with potential lead services as a part of our scheduled main replacement projects and expect to complete \$15,120,000 in total lead service replacements.

Table 8: Summary of Customer Lead Service Lines Replaced from January 2025 through December 2025 by District

District	Additions	Number of Customer Side Services	Average Unit Cost
PA-ABINGTON	\$158,272	35	\$4,522
PA-BANGOR	\$8,004	1	\$8,004
PA-BERWICK	\$103,718	12	\$8,643
PA-BROWNSVILLE	\$37,895	3	\$12,632
PA-BUTLER	\$207,045	13	\$15,927
PA-CLARION	\$274,682	22	\$12,486
PA-COATESVILLE	\$342,448	34	\$10,072
PA-HERSHEY	\$167,479	27	\$6,203
PA-INDIANA	\$57,960	6	\$9,660
PA-KANE	\$299,150	21	\$14,245
PA-KITTANNING	\$29,314	4	\$7,328
PA-MCMURRAY	\$405,180	42	\$9,647
PA-MECHANICSBURG	\$1,089,841	156	\$6,986
PA-MILTON	\$147,710	30	\$4,924
PA-MON VALLEY	\$363,866	28	\$12,995
PA-NAZARETH	\$17,316	4	\$4,329
PA-NEW CASTLE	\$334,911	30	\$11,164
PA-NORRISTOWN	\$207,264	33	\$6,281
PA-PENN	\$119,565	28	\$4,270
PA-PHILIPSBURG	\$109,386	12	\$9,115
PA-PITTSBURGH	\$4,456,490	433	\$10,292
PA-PUNXSUTAWNEY	\$372,031	53	\$7,019
PA-ROYERSFORD	\$49,402	7	\$7,057
PA-SUSQUEHANNA	\$67,009	9	\$7,445
PA-UNIONTOWN	\$708,023	74	\$9,568
PA-WARREN	\$757,729	121	\$6,262
PA-WB/SCRANTON	\$1,025,952	178	\$5,764
PA-YARDLEY	\$113,828	17	\$6,696
Total	\$12,031,472	1,433	\$8,396

Table 9: Summary of Calendar Year 2025 Company and Customer Lead Service Line Replacements by Part

District	PWSID	TOTAL CUSTOMER "Lead Replacements"			TOTAL COMPANY "Lead Replacements"		
		Part 1	Part 2	Total	Part 1	Part 2	Total
PA74 - FRACKVILLE	3540032	-	1	1	-	-	0
PA79 - WILDCAT	3540053	-	-	0	-	-	0
PA74 - FRACKVILLE-LAUREL RIDGE	3540072	-	-	0	-	-	0
PA78 - NITTANY	4140081	-	-	0	-	-	0
PA72 - PHILIPSBURG	4140087	-	11	11	-	-	0
PA77 - BOGGS	4140101	-	-	0	-	-	0
PA73 - BERWICK	4190013	-	17	17	-	2	2
PA88 - TURBOTVILLE	4490016	-	-	0	-	-	0
PA71 - MILTON	4490023	-	30	30	-	-	0
PA84 - MCEWENSVILLE	4490298	-	-	0	-	-	0
PA66 - LAKE HERITAGE	7010035	-	-	0	-	-	0
PA61 - MECHANICSBURG	7210029	2	157	159	-	7	7
PA62 - HERSHEY	7220017	20	4	24	1	3	4
PA14 - STEELTON	7220036	-	-	0	-	1	1
PA57 - LAKE SPANGENBERG	2350026	-	-	0	-	-	0
PA57 - POCONO	2450063	-	-	0	-	-	0
PA57 - INDIAN ROCKS	2640047	-	-	0	-	-	0
PA68 - MID-MONROE	2450119	-	-	0	-	-	0
PA68 - BLUE MOUNTAIN LAKE	2450133	-	-	0	-	-	0
PA68 - FERNWOOD	2450134	-	-	0	-	-	0
PA68 - MARCEL LAKES/SILVER	2520035	-	-	0	-	-	0
PA68 - HICKORY/WILD ACRES	2520034	-	-	0	-	-	0
PA68 - ALL SEASONS	2520056	-	-	0	-	-	0
PA68 - SAW CREEK	2520062	-	-	0	-	-	0
PA68 - THREE LANE-MILFORD LANDING	2520085	-	-	0	-	-	0
PA68 - PINE RIDGE	2520096	-	-	0	-	-	0
PA54 - MONTROSE	2580023	-	-	0	-	1	1
PA54 - SUSQUEHANNA/HALLSTEAD	2580024	-	10	10	-	3	3
PA54 - THOMPSON	2580026	-	-	0	-	-	0
PA53 - LAKE WINOLA	2660004	-	-	0	-	-	0
PA55 - BANGOR	3480038	-	-	0	-	-	0
PA55 - BERRY HOLLOW	3480053	-	-	0	-	-	0
PA56 - NAZARETH	3480055	-	4	4	-	6	6
PA44 - KITTANNING	5030008	-	3	3	-	-	0
PA33 - BUTLER	5100012	-	19	19	-	13	13
PA41 - INDIANA	5320025	-	13	13	-	3	3
PA43 - CLARION	6160001	-	27	27	-	1	1
PA42 - PUNXSUTAWNEY	6330010	-	53	53	-	37	37
PA31 - ELLWOOD	6370011	-	2	2	-	2	2
PA31 - NEW CASTLE	6370034	1	42	43	-	29	29
PA46 - KANE	6420019	-	25	25	-	-	0
PA45 - WARREN	6620020	-	189	189	1	59	60
Pittsburgh	5020039	60	461	521	146	305	451
PAWS-Olwen Heights	2350032	-	-	0	-	-	0
PAWS-Brownell	2359001	-	16	16	-	2	2
PAWS-Fallbrook	2359006	-	-	0	-	-	0

PAWS-Lake Scranton	2359008	13	109	122	-	12	12
PAWS-Forest City	2359014	-	-	0	-	-	0
PAWS-Hillcrest	2400070	-	-	0	-	-	0
PAWS-Homesite	2400072	-	-	0	-	-	0
PAWS-Sutton Hills	2400128	-	-	0	-	-	0
PAWS-Ceasetown	2409002	10	30	40	-	10	10
PAWS-Crystal Lake	2409003	-	-	0	-	1	1
PAWS-Nesbitt	2409010	-	8	8	-	4	4
PAWS-Watres	2409011	2	18	20	-	10	10
PAWS-Huntsville	2409013	-	8	8	-	3	3
Yardley	1090074	4	12	16	-	6	6
Royersford	1150166	2	7	9	-	6	6
Royersford - Phoenixville	1150206	-	-	0	-	-	0
Norristown	1460046	-	12	12	-	1	1
Penn	3060069	-	26	26	-	3	3
Glen Alsace	3060088	-	-	0	-	-	0
Coatesville	1150106	-	7	7	-	7	7
Golden Oaks	3060126	-	-	0	-	-	0
Creekside	7360129	-	-	0	-	-	0
Brownsville	5260005	-	5	5	-	1	1
Uniontown	5260020	2	52	54	1	19	20
Connellsville	5260022	-	19	19	-	3	3
TOTAL		116	1,397	1,513	149	560	709

Note: 2 customer side and 1 company side lead service line replacements are excluded from this table as they are located in Audubon or Dilliner, which were acquired between November 2024 and November 2025.

Detailed Project Listing of Water DSIC-Eligible projects – Calendar Year 2026 Projected

The project listing envisioned for the upcoming 12 months consists of a mixture of water main, valve, hydrant, and service replacement activity. The project summary information with the estimated costs is presented in Table 10. These estimated costs are preliminary in nature and will change as project development progresses. A detailed listing of projected 2026 expenditures is provided in Attachment B.

Table 10: Summary of Water DSIC-Eligible Properties Projected to be Replaced in 2026

DISTRICTS	MAINS			SERVICES					
	Capex	miles	footage	Total Services	Customer LSP	Customer LSP Investment	Hydrants	Valves	Meters
<i>Lead Service Program</i>									
Pittsburgh	\$45,978,703	11.6	61,187	2,432	615	\$5,166,583	133	331	11,246
Wilkes Barre/Scranton	\$21,136,138	10.1	53,175	692	255	\$2,138,586	42	215	9,818
Elizabeth	\$7,072,312	2.5	13,245	255	5	\$39,974	29	60	2,710
NewCastle/Ellwood	\$2,381,230	1.8	9,250	969	54	\$449,703	21	47	2,694
Uniontown/Connellsville	\$4,034,125	1.0	5,408	114	87	\$729,518	11	41	1,898
Norristown	\$6,017,488	1.4	7,403	116	14	\$119,921	9	36	3,870
NorthEast PA	\$7,610,332	7.7	40,593	1,055	17	\$139,907	99	210	4,773
SouthEast PA	\$9,829,752	3.3	17,534	891	69	\$579,617	41	109	7,191
Central PA	\$11,107,756	4.9	25,649	1,086	275	\$2,308,473	188	175	7,947
SouthWest PA	\$17,553,187	5.3	27,775	513	6	\$49,967	82	140	7,669
NorthWest PA	\$11,466,850	7.7	40,770	887	404	\$3,397,753	40	227	3,806
2026 Proposed Unit Total	\$144,187,873	57.2	283,889	9,010	1,800		696	1,590	63,621
2026 Proposed Investment		\$144,187,873		\$37,012,419		\$15,120,000	\$13,052,184		\$32,242,990
2026 LTIP Target		\$171,547,893		\$32,722,400		\$23,250,000	\$11,842,000		\$26,182,423

Summary:

PAWC's AAO Plan demonstrates that PAWC has maintained acceleration of DSIC-eligible water capital investment and the actual expenditures, as previously shown on Table 4, are consistent with or higher than planned budgetary levels included in the LTIP. There were several drivers for the increases, including increased costs of material and construction due to inflation, a continued increased cost of restoration across the state, and an acceleration of quantity of main installed to approach the 1% replacement target in order to mitigate against increasing NRW and main break rates. In addition, many municipalities are requiring full curb-to-curb replacement of pavement during main installation thereby raising the cost of main replacement. The proposed 2026 capital investment levels are close to the 2026 target levels, while miles of main scheduled to be replaced are below the 2026 target levels in the LTIP, due largely to the anticipation of the same drivers that increased costs in prior years.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2025 Water Annual Asset Optimization Plan : Docket No. M-2026-_____

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served a true and correct copy of Pennsylvania-American Water Company's 2025 Water Annual Asset Optimization Plan upon the participants listed below, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC DELIVERY

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Dated: March 2, 2026