



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

IN REPLY, PLEASE
REFER TO OUR FILE

April 20, 2026

Docket No. M-2026-3060813
Utility Code 2220554

DEANNE M. O'DELL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
213 MARKET STREET, 8TH FLOOR
HARRISBURG, PA 17101
dodell@eckertseamans.com

Re: Annual Asset Optimization Plan (AAOP) for the Pittsburgh Water and Sewer Authority for its Water Operations, at Docket No. M-2026-3060813

Dear Ms. O'Dell:

On February 27, 2026, The Pittsburgh Water and Sewer Authority (PWSA) filed its Annual Asset Optimization Plan (AAOP) for its water operations, pursuant to 52 Pa. Code § 121.6.

The Commission's regulations require utilities with an approved Distribution System Improvement Charge (DSIC) to file annually an AAOP with the Commission. The AAOP shall be filed 60 days after the prior 12 months of the company's Long-Term Infrastructure Improvement Plan (LTIIIP) has expired, and pursuant to this timeframe for each successive AAOP. 52 Pa. Code § 121.6(a).

The AAOP must include:

- 1) A description that specifies all of the eligible property repaired, improved, and replaced in the prior 12-month period under its LTIIIP and prior year's AAOP.
- 2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.

The Commission is charged with reviewing each AAOP only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIIIP, for the corresponding 12-month timeframes. 52 Pa. Code § 121.6(d). The Commission has delegated a review of AAOPs to the Bureau of Technical Utility Services (TUS).

Timely Filing

52 Pa. Code § 121.6(a)

A utility with an approved DSIC shall file with the Commission, for informational purposes, an AAO plan. The AAO plan shall be filed annually with the Commission 60 days after the 12 months of its LTIP has expired and under this time frame for each successive year of the term of the LTIP.

PWSA's AAOP complies with this requirement.

Content

52 Pa. Code § 121.6(b)

An AAO plan must include:

- (1) A description that specifies all the eligible property repaired, improved, and replaced in the prior 12-month period under its LTIP and prior year's AAO plan.*
- (2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.*

PWSA's AAOP substantially complies with this requirement.

Substantial Adherence to LTIP

52 Pa. Code § 121.6(d)

An AAO plan will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIP for the corresponding 12-month time frames.

52 Pa. Code § 121.6(e)

Absent any major modifications to the LTIP or Commission action to reject an AAO plan within 60 days of its submission to the Commission, the AAO plan will be deemed approved. The Commission may extend its consideration period if necessary.

52 Pa. Code § 121.6(f)

If an AAO plan is rejected by the Commission, the utility will be notified of the plan's deficiencies and actions needed to repair, improve, or replace eligible property to bring the utility into compliance with the work schedule in its approved LTIP. If the utility concludes that it needs to revise its LTIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.

PWSA reported that it expended \$50.48 million in DSIC-eligible expenditures for its water operations in 2025, while its LTIP proposed \$64.82 million for eligible property replacement. This is an approximate 22% reduction in spending from the amount proposed in

the LTIIIP. In addition, PWSA also reported that it replaced 7.01 miles of the 8.6 miles of main projected for its Small Diameter Water Main Replacement Program.

PWSA reported that it projects its expenditures in 2026 for its water operations to be approximately \$60.87 million, which is slightly less than the \$61.45 million proposed in the LTIIIP.

PWSA's Lead Service Line Replacement Program (LSLRP) was approved by the Commission by a Joint Petition for Settlement without modification on July 24, 2025, at Docket No. P-2024-3046468 and referred the LSLRP, LTIIIP and tariff supplement to TUS staff for final review.¹ Pursuant to the proposed LSLRP, PWSA envisions replacing 2,000 public lead service lines and 3,100 private lead service lines by the end of 2026.

Compliance with the LTIIIP is evaluated on a multiyear basis over the life of the LTIIIP. Construction and budget variations in individual years can be expected and it is reasonable to expect that over a multi-year timeframe, much of this variation will be mitigated.

The AAOP does not propose a Major Modification to the company's LTIIIP.

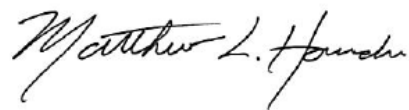
Accordingly, PWSA's AAOP appears to substantially conform to the schedule set forth in the company's LTIIIP.

Conclusion

Upon review of PWSA's AAOP filed on February 27, 2026, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved. This approval is contingent upon the possibility that subsequent audits, reviews, and inquiries, in any Commission proceeding, may be conducted pursuant to 52 Pa. Code § 121.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. Please direct any questions regarding this filing to Kenneth Shaffer, TUS at kennshaffe@pa.gov.

Sincerely,



Matthew L. Homsher
Secretary

¹ See, *Petition of Pittsburgh Water and Sewer Authority for Approval of its Lead Service Line Replacement Program and Related Tariff Changes*, at Docket No. P-2024-3046468.

cc: Sharon Webb, LAW
Allison Kaster, BIE
Dan Searfoorce, TUS
John Van Zant, TUS
Ken Shaffer, TUS