



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

IN REPLY, PLEASE  
REFER TO OUR FILE

April 22, 2026

Docket No. M-2026-3060865  
Utility Code: 210104

ALEXANDER R. STAHL  
AQUA PENNSYLVANIA INC  
762 W LANCASTER AVE  
BRYN MAWR PA 19010  
[astahl@aquaamerica.com](mailto:astahl@aquaamerica.com)

**Re: Annual Asset Optimization Plan (AAOP) for Aqua Pennsylvania, Inc. at  
Docket No. M-2026-3060865**

Dear Mr. Stahl:

On March 2, 2026, Aqua Pennsylvania, Inc. (Aqua) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6. On March 16, 2026, Aqua Pennsylvania Inc (Aqua) filed an amended AAOP.

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 the 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.*

Aqua'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.*

Aqua'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.*

Aqua reported that its actual LTIP expenditures in 2025 were approximately \$208.74 million as compared to its LTIP projection of \$192.84 million, which is an increase of

approximately 8%. Additionally, Aqua reported that 62 miles of main were replaced which slightly exceeded its LTIP projection of 60 miles. Aqua also reported that it exceeded its appurtenances replacements except for in its valve replacement category. Aqua maintained that higher inflation in recent years has impacted the costs of its labor and materials and the projected and actual amounts of its replacement projects.

Aqua reported that it anticipated spending \$211.66 million in 2026, while its LTIP calls for approximately \$194.10 million in spending. This is an approximate 9% increase. Additionally, Aqua projected replacing 57 miles of main, nearly matching its LTIP projection of 58 miles and exceeding appurtenance replacements except for in the meter category.

Pursuant to the Commission Order entered June 13, 2024 (June Order),<sup>1</sup> Aqua was directed to report on the details of its updated non-revenue water and main break occurrence rates in its AAOPs. Aqua appears to be in substantial compliance with the June Order.

On April 10, 2025, the Commission approved Aqua's Lead Service Line Replacement program (LSLRP) at Docket P- 2023-3044459.<sup>2</sup> In accordance with 52 Pa. Code § 65.59, Aqua is required to provide information on its LSLRP as part of its AAOP filing. Aqua appears to be in substantial compliance with the requirements of 52 Pa. Code § 65.59.

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

## **Conclusion**

Upon review of Aqua's Amended AAOP filed on March 16, 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.

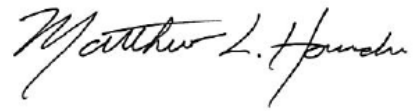
If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. Please direct any questions regarding this filing to Ken Shaffer, TUS, at [kennshaffe@pa.gov](mailto:kennshaffe@pa.gov).

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<sup>1</sup> See, *Petition of Aqua Pennsylvania Inc for Approval of its Third Water Long-Term Infrastructure Improvement Plan*, at Docket No. P-2023-3043755.

<sup>2</sup> See, *Petition of Aqua Pennsylvania Inc for Approval of its Lead Service Line Replacement Program*, at Docket P-2023-3044459.

Sincerely,

A handwritten signature in black ink that reads "Matthew L. Homsher". The signature is written in a cursive style with a large, stylized "M" and "H".

Matthew L. Homsher  
Secretary

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