



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

IN REPLY, PLEASE
REFER TO OUR FILE

May 12, 2026

Docket No. M-2026-3060814
Utility Code: 230240

ALEXANDER R. STAHL
AQUA PENNSYLVANIA WASTEWATER INC
762 W LANCASTER AVE
BRYN MAWR PA 19010
astahl@aquaamerica.com

Re: Annual Asset Optimization Plan (AAOP) for Aqua Pennsylvania Wastewater, Inc. at Docket No. M-2026-3060814

Dear Mr. Stahl:

On March 2, 2026, Aqua Pennsylvania Wastewater, Inc. (APW) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6. On April 22, 2026, via Secretarial Letter, the Commission sent a data request that directed APW to file an amended AAOP that excluded the assets and expenditures related to the repair and replacement of any infrastructure of the East Whiteland Township wastewater system. The Commission also extended the review period for APW's AAOP to June 2, 2026. On April 23, 2026, APW filed its response.

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.

APW'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.*

APW'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.

APW is currently seeking Commission approval of its Modified Third LTIIIP at Docket No. P-2024-3052037, which covers the years 2025 through 2029.¹ APW listed East Whiteland as one of the areas in its SEPA Operating Division in the AAOP. However, in supplemental information filed with the Commission, Aqua stated that the East Whiteland Township wastewater system was not included in any of the listed assets or expenditures in its AAOP.

APW reported that in 2025 its actual DSIC-eligible expenditures were \$18.41 million, which exceeded its original LTIIIP projection of \$10.81 million by approximately 70%. However, APW's Modified Third LTIIIP proposed \$17.7 million in spending for 2025. APW also reported in its AAOP that it expects to spend approximately \$13.29 million on DSIC-eligible expenditures in 2026 while its current LTIIIP called for approximately \$11.86 million in expenditures which is an approximate increase of 12%. APW's Modified Third LTIIIP proposed \$14.9 million in spending for 2026.

In a Commission Order entered on June 5, 2025, at Docket No. P-2024-3052037 (June Order), which approved APW's current LTIIIP, the Commission directed APW to provide updated information on its pipeline materials and diameters for all its wastewater systems, information on the amount of sewer pipe that is replaced or rehabilitated each year and an update on the progress of the inflow and infiltration reduction for each of its wastewater systems.² APW appears to have substantially complied with the June Order.

We shall approve the AAOP because as noted above, APW's Modified Third LTIIIP is currently being reviewed by the Commission and the actual and proposed LTIIIP DSIC-eligible expenditures and property amounts in the AAOP generally comport with those in the Modified Third LTIIIP.

Conclusion


Upon review of APW's AAOP filed on March 2, 2026, and supplemental information provided, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved with the understanding that APW's Modified Third LTIIIP is currently under review by the Commission. 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.

¹ See, *Petition of Aqua Pennsylvania Wastewater, Inc. For Approval of its Third Long-Term Infrastructure Improvement Plan*, Order Entered June 5, 2025, at Docket No. P-2024-3052037.

² *Id.*

Sincerely,

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

Matthew L. Homsher
Secretary

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