



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

IN REPLY, PLEASE
REFER TO OUR FILE

May 13, 2026

Docket No. M-2026-3060737
Utility Code: 212070

THOMAS J WALSH III
THOMAS J. WALSH III & ASSOCIATES, P.C.
3655 ROUTE 202
SUITE 105
DOYELSTOWN, PA 18902
twalsh@twalshlaw.com

Re: Annual Asset Optimization Plan (AAOP) for Newtown Artesian Water Company at Docket No. M-2026-3060737

Dear Mr. Walsh:

On February 26, 2026, Newtown Artesian Water Company (NAWC) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6. Pursuant to 52 Pa. Code § 121.6 (e), the 60-day review period ended on April 27, 2026, and is deemed approved as the Commission took no action to reject NAWC's 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.

NAWC'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.*

NAWC'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.

NAWC reports that it spent \$473,448 in 2025, which was 32 % less than the projected amount of \$695,910 in its LTIP. With the decreased spending, NAWC reports that it replaced 236 linear feet of main compared to the projected 1,800 linear feet in its LTIP. NAWC met its

LTIIIP projection of five hydrant replacements and nearly met its projection for meter replacements.

NAWC states that it projects expenditures of \$282,171 in 2026, which is a 63% decrease in spending as compared to the \$765,109 projected in its LTIIIP. TUS notes that 2026 is the last year of NAWC's LTIIIP and that over the course of its LTIIIP NAWC will have spent approximately 9.48 % above its LTIIIP projection.

NAWC has filed a Petition for approval of its Lead Service Line Replacement Plan (LSLRP) with the Commission, at Docket No. P-2023-3041859. As of the date of this letter, NAWC's LSLRP is being adjudicated by an Administrative Law Judge (ALJ).¹

In an Order entered on December 16, 2021, at Docket No. P-2021-3028377, (December Order) the Commission approved NAWC's Second LTIIIP and directed NAWC to report details of its updated non-revenue water and main break occurrence rates in its AAOP's, starting in the year ending December 31, 2021.² NAWC appears to be in substantial compliance with the December Order.

TUS finds that the actual and proposed LTIIIP expenditures and eligible property amounts in the AAOP generally comport with those in the LTIIIP. As TUS notes above, 2026 is the last year of NAWC's LTIIIP and NAWC will have to modify or file a new LTIIIP by September 1, 2026, to continue to utilize the DSIC.

Conclusion

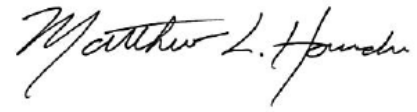
Although NAWC's AAOP is deemed approved by regulation, TUS finds that upon review of NAWC's AAOP filed on February 26, 2026, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6. This approval is contingent upon the possibility that subsequent audits, reviews, 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 Newtown Artesian Water Company for Approval of Its Lead Service Line Replacement Program and Related Tariff Changes*, at Docket No. P-2023-3041859.

² See, *Petition of Newtown Artesian Water Company for Approval of its Second Long-Term Infrastructure Improvement Plan*, at Docket No. P-2021-3028377.

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
Daniel Angove, NAWC, dan.angove@newtownwater.com