



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

IN REPLY, PLEASE
REFER TO OUR FILE

May 14, 2026

Docket No. M-2026-3060773
Utility Code: 213550

MR. DEVIN RYAN
POST & SCHELL, PC
17 NORTH SECOND STREET
12TH FLOOR
HARRISBURG, PA 17101-1601
DRyan@PostSchell.com

**Re: Annual Asset Optimization Plan (AAOP) for The York Water Company at
Docket No. M-2026-3060773**

Dear Mr. Ryan:

On February 27, 2026, The York Water Company (York Water) 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 York Water to provide additional information regarding its main replacement expenditures for 2025. The Commission also extended the review period for York Water's AAOP to June 27, 2026. On May 4, 2026, York Water 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.

York Water'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.*

York Water'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.

York Water reported that its actual LTIIIP expenditures were \$30.86 million in 2025, compared to its approved LTIIIP amount of \$18.13 million, which was an approximate 70% increase in spending. York Water stated that it replaced 10.2 miles of main, while its LTIIIP called for 11.4 miles of main replacement. York Water exceeded its LTIIIP projection for replacements of services, valves and meters but did not meet its projection for hydrants.

In supplemental information filed with the Commission, York Water stated that there were various reasons why it experienced an increase in expenditures without an increase in the mileage of mains repaired or replaced. Specifically, York Water reported that it had included several projects that were substantially completed in 2024 and included in the 2024 AAOP total length, but that were not finalized until early 2025. Additionally, York Water noted that its unit price construction costs increased by approximately 5% and that most of the rehabilitation projects completed in 2025 were performed in highly urbanized areas in the City of York and surrounding municipalities, where most of its oldest mains are located. York Water stated that such projects are more challenging due to utility conflicts, traffic, higher density of service lines, etc. York water also noted that projects in urbanized areas typically result in higher paving and concrete sidewalk restoration quantities and often have more change order requests due to unforeseen subsurface conditions.

York Water stated that it projects to replace 7.6 miles of main and expend \$19.17 million in 2026, as compared to the LTIIIP projection of 11.4 miles and \$18.80 million. York Water's spending projections are approximately 2% more than its LTIIIP for 2026. York Water's increased spending in 2025 and proposed spending in 2026 are still within 20% of its total proposed LTIIIP spending.

2026 is the last year of York Water's LTIIIP and it has a pending Lead Service Line Replacement Program (LSLRP) Petition before the Commission.¹ York Water has indicated that upon Commission approval of its LSLRP Petition, it will include the updated LSLRP as a separate and distinct component of its LTIIIP.

The Commission Order entered on January 13, 2022² (January Order), which approved York Water's Second LTIIIP, directed York Water to provide a report that details its updated non-revenue water and main break occurrence rates in every AAOP filed with the Commission, beginning with York Water's AAOP filed in March 2022. York Water's AAOP appears to be in substantial compliance with the January Order.

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

Conclusion

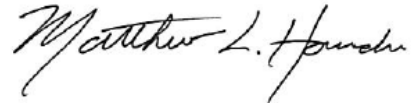
¹ See, *Petition of The York Water Company for Approval of its Lead Service Line Replacement Program*, at Docket No. P-2024-3050273.

² See, *Petition of The York Water Company for Approval of its Second Long-Term Infrastructure Improvement Plan*, at Docket No. P-2021-3028879.

Upon review of York Water's AAOP filed on February 27, 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. 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 (717) 787-2359, or kennshaffe@pa.gov.

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 Web, LAW
Allison Kaster, BIE
Dan Searfoorce, TUS
John Van Zant, TUS