VIA E-FILING

November 22, 2019

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Aqua Pennsylvania, Inc.
Implementation of Act 120 of 2018
Docket No. M-2019-3013286

Dear Secretary Chiavetta:

Enclosed please find Aqua Pennsylvania, Inc.'s ("Aqua") responses to the Pennsylvania Public Utility Commission's ("PUC" or the "Commission") questions[1] in its Order Entered November 1, 2019 in Docket No. M-2019-3013286 and the Bureau of Technical Utility Services ("TUS") Directed Questions - Set 1 issued via Secretarial Letter dated October 24, 2019, regarding the implementation of Act 120 of 2018. The Commission's October 24, 2019 Secretarial Letter did not require a verification.

If you have any questions regarding this filing please contact me at 610-645-1130.

Sincerely,

Alexander R. Stahl
Regulatory Counsel

cc: Certificate of Service

Enclosure

[1] The Questions provided in the Commission's November 1, 2019 Order were included within the Bureau of Technical Utility Services Directed Questions Set 1.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-1 What information should utilities seeking to replace LSLs and DWWLs provide in a distinct comprehensive replacement plan or as integrated elements within their long-term infrastructure improvement plans (LTIIPs)?

RESPONSE

Aqua Pennsylvania, Inc. ("Aqua" or the "Company") submits that information regarding LSL or DWWL replacement plans should be provided within the utility's water and wastewater LTIIPs. The information for a LSL or DWWL replacement plan should include:

Lead Service Lines

- Approximate number of LSLs in the utility's system. The number of LSLs will be a fluid number that will change as the utility identifies LSLs through investigation of its systems. Updates could be provided in the utility's Annual Asset Optimization Plan ("AAOP") filing.
- Estimated replacement schedule per year of both quantity and cost of LSL replacements. However, depending on the LSLs found and replaced during a main replacement program or requested for replacement outside of a main replacement program, the actual number may vary year to year, so projections would not be expected to align with actual quantities and dollars spent.
- Any geographic regions that are identified as having high concentration of LSLs.
- A general description of the program, including customer contract for replacement (or waiver if the customer refuses replacement), warranty information, information to be provided to customers and description of refund mechanisms.

Damaged Wastewater Laterals

- Utilities should provide information on their specific approach to identify and determine the location and identify DWWLs. The investigation of DWWLs will be an ongoing process. Updated information can be provided in the utility's AAOP.

- Please see the response to M-2 for discussion of how a utility could approach identifying DWWLs within its systems.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-2 What are the most effective methodologies for completing a thorough study to locate and identify LSLs and DWWLs within a utility's service territory?

RESPONSE

Lead Service Lines

A water utility may have existing data on service line material, but often this only applies to the utility portion of the service line. The customer portion of the service line is not typically tracked or monitored in the utility's records. Aqua, for example, has tap cards that record information about the utility portion of the service line. Since approximately 2004, the data captured on those tap cards has been entered into a database. Across all of Pennsylvania, Aqua can identify the material for the Company portion of the service line for approximately 55% of its services but cannot use that database to determine the material of the customer portion of the service.

Aqua's customer information system, Banner, plays a role in generating and recording service orders for field staff performing required work at customer properties. Starting in 2016 Aqua included a requirement to observe and capture the material for both the Aqua and customer portions of the service line on all customer-related service orders.

Depending on the type of work being performed, it may not be possible for the Aqua field staff to observe one or both sides of the service line. For example, replacing a meter within a customer's home allows the field staff to observe the customer side of the service line, but not the Aqua side.

Aqua continues to capture service line material data as part of its routine service work. Aqua's 20-year meter replacement cycle should allow it to observe at least the customer portion of the service line for all of its services over that time.

It is unrealistic to think that a large water utility would undertake a specific program to directly observe all of its service lines. Rather, utilities should be encouraged to take advantage of opportunities to observe service lines, such as during meter replacements, to collect that information. Other "indirect" options such as examining old tap cards, considering age of homes, etc. should also be considered with the understanding that these approaches may yield general information about

the extent of LSLs but may not capture the actual service line material at a specific address.

Based on the Company's current information, there does not appear to be large pockets of LSLs in its systems. The Company's plan would seek to replace customer-owned LSLs as discovered in a routine main replacement or meter replacement.

Damaged Wastewater Laterals

DWWLs present a more difficult issue in locating and identifying these damaged laterals. The Company believes that a systematic "process of elimination" approach is the best way to locate and identify DWWLs. However, each wastewater system is different and the specific characteristics of the system may affect the approach taken.

This process would begin by reviewing systems with high inflow and infiltration ("I&I") as evidenced by flow metering under dry and wet weather conditions. The Company would then proceed to examine manholes for evidence of I&I in the upper cone region (inflow contribution from road-base stone), through the manhole lid (open pic holes or lack of lid to frame gasketing), or at the point where pipes penetrate the manhole (defective pipe to manhole gaskets or sealing). If there were no issues observed, the Company would then move on to determine if the mains were leaking by completing smoke testing on the main lines (potentially provides I&I clues for the main line, manholes, laterals, as well as roof drain and sump pump connections) or closed-circuit televising ("CCTV") of the main to determine whether cracks, shifted joints, or improperly connected laterals, which may be sources of active I&I, can be observed. If the main is found to be damaged it will be scheduled for spot repairs, replacement or lining. However, if the main does not show damage, the Company can begin looking at sections of the system to determine if roof drains or sump pumps are connected to the system. If the Company eliminates, or partially eliminates the above elements of the system as the source or partial source of I&I to the extent the quantified I&I measured in the metering phase is not fully accounted for, the Company would review sections of the system's customer laterals.

CCTV inspection of the customer lateral may be the most direct approach to an assessment of the lateral condition. The Company would look for similar defects in the laterals as described above. A thorough inspection throughout the entire length of lateral can be extremely difficult however. In many cases, sewer laterals do not have enough access locations to allow for a proper assessment throughout the entire lateral. Sewer laterals often contain significant bends which do not allow for conventional lateral televising access of the entire lateral. Despite these challenges, the most effective methodologies that we have found to identify suspected DWWLs is to investigate the lateral connection (and the few feet of lateral that can be seen from the main line) through main line closed circuit televising. Lateral televising

can be completed from the main line towards the home/building with a lateral launch camera which is a secondary camera attached to the main-line CCTV camera robot which can be launched up into a connecting lateral. Lateral televising can also be completed from a lateral cleanout (or other access locations) towards the main line sewer and home with a flexible cable mounted “push” camera system.

Low pressure air testing to ascertain the water-tightness of the lateral might be possible however the presence of access points for line plugging may severely limit the ability to use this approach.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-3 What would be a reasonable timeframe, based upon a concerted effort, for a utility to identify all the LSLs within its service territory via historical records, city permits, direct visual inspections and other such means early in an LSL replacement plan's schedule as part of a utility's LTIIP?

RESPONSE

Please see the response to M-2. The only definitive method to identify an LSL is by visual inspection. Identification of LSLs will therefore be an ongoing process. Currently, the Company has completed an analysis of its tap cards. The Company has established a procedure for when field service personnel are at a customer's property for a service appointment, they review the service line material coming into the meter and provide information to the customer if it is determined to be an LSL. The Company will continue its efforts to identify LSLs during meter replacement and all LSLs should be identified based on the Company's 20 year meter replacement schedule.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-4 What are the best practices and avenues for reporting and/or communicating the results of a thorough study to locate and identify LSLs and DWWLs within a utility's service territory?

RESPONSE

Any analysis should be included as an attachment to the utility's LTIIP and will be updated in the utility's AAOP filings.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-5 Other than annual asset optimization plans filed pursuant to 66 Pa. C.S. § 1356, what is/are the most effective means of reporting the progress of LSL and DWWL replacement program efforts, including the number of LSL and/or DWWL replacements, the size and length of pipe removed, the cost per service, the location of removal, site conditions, etc.?

RESPONSE

The Company submits that the AAOP is the most efficient place to report this information.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-6 What information should be provided to customers that are or may be affected by a known or suspected LSL or DWWL (e.g., The utility's replacement schedule, the material type of the company owned service line, etc.)?

RESPONSE

Lead Service Lines

The Company sends out letters to customers annually that are known to have a customer-owned LSL, informing them of the potential health effects and encouraging them to replace their LSL

During a main replacement project, if the Company identifies a Company owned LSL, it will determine if the customer-owned portion is lead and will provide information sheets to customers stating that the Company identified the Company-owned LSL, that the Company-owned LSL was replaced, and will also indicate whether the customer has a LSL.

If the customer has a LSL, the Company will contact the customer the same or next day to discuss the potential for adverse health impacts and measures to take to reduce the likelihood of exposure to lead. The customer will be encouraged to replace their LSL. Also, the Company will collect water samples, both stagnation and post-flush and analyze these for lead.

Under a LSL replacement program, the Company would then be able to provide information about the Company's replacement program and the options available to the customer for replacement of their LSL.

Damaged Wastewater Laterals

Please see the response to M-2. As a utility operates its systems through its normal course of business and areas within systems that would require service line replacement are identified, a utility can provide those customers information about its DWWL replacement program, including, effect of DWWLs, benefits of replacement, and the utility's procedure to replace the DWWL, including contract for service and warranty for replacement.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-7 How and when should information be provided to customers that are or may be affected by a known or suspected LSL or DWWL? Discussions may include, but are not limited to, providing information in a website portal and/or printed materials, sending out materials at periodic intervals and/or providing materials when a customer completes an application for service.

RESPONSE

Lead Service Lines

Please see the response to M-6. In addition, the Company will continue to provide an information sheet on its website regarding lead and the related health effects. The Company would not be opposed to include a periodic bill insert to educate customers on lead, how they can determine their service line material, and how to minimize exposure. The Company can provide information to the customer when LSLs are found during a main replacement project as stated in the response to M-6, and, under a LSL program would include information for the replacement of the customer owned LSL.

Damaged Wastewater Laterals

Please see the response to M-6. As the utility operates its systems through the normal course of business by working through the process as set forth in response to M-2, and has identified laterals that should be replaced, the utility can provide information to those customers on the DWWL replacement program. This will allow a utility to target which replacements will benefit the system. Information can be provided through handouts and information sheets to the customers that would need DWWL replacement.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-8 What information, if any, should the utility provide a municipality about the number of known and suspected LSLs within its jurisdictional boundaries and the potential schedule for replacement?

RESPONSE

The Company will continue to work with municipalities as is its current practice relating to main replacements. Release of customer specific information is subject to privacy guidelines and protection and the Company does not release customer information to third parties.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-9 What processes and procedures should utilities follow based upon a customer's acceptance of an LSL or DWWL replacement?

RESPONSE

If a customer desires to have its LSL or DWWL replaced as part of a scheduled main replacement program, after the LSL and DWWL is properly verified, the utility will present a contract for the customer to sign that will provide the terms and conditions under which the utility, or the utility's contractor, will replace the LSL or DWWL. Specific terms and conditions of that contract will include, among others, the warranty on the work completed, the right of the utility and the contractor performing the work to access the customer's property, and the ownership of the lateral following installation. The utility or contractor will install the replacement service line and restore the property to a similar condition as practical. The work will be inspected, along with the connection into the utility owned service line.

For LSLs, following the completion of replacement, the utility should flush and test the water at the customer's premise.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-10 What content should be included in notices to utility customers when a utility files a new tariff or tariff supplement pursuant to 66 Pa. C.S. § 1308 to replace LSLs and DWWLs?

RESPONSE

The Company submits that a utility seeking to implement a LSL or DWWL program will include its tariff supplement in a petition to amend or modify an existing LTIIP to add a class or category of property not previously included in the utility's LTIIP. As such, copies of the petition and amended or modified LTIIP will be sent to parties of record in the utility's last base rate case proceeding; individual customer notices are not required.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-11 What are the best ways to prioritize LSL replacements outside of scheduled main replacement and relocation projects to allow for a proactive and distinct LSL replacement program in an efficient and effective manner?

RESPONSE

LSL replacements outside of scheduled main replacements will be based on the number of customers requesting a replacement in a geographic area. Due to the density of the Company's Southeast Pennsylvania system and the existing division structure, replacement responsibilities will be divided amongst the 3 division territory teams. Due to the dispersed nature of the Company's Greater Pennsylvania systems, they will be handled on a system by system basis. Replacement would follow a "first in/first out" order with an increased urgency toward services with a higher lead risk as a result of available sampling and testing.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-12 Should priority LSL replacement scheduling be provided for customers where water is/will likely be consumed by sensitive populations (e.g., children in schools or day-care centers, pregnant women, etc.), what criteria should make a customer eligible for prioritization and how should utilities obtain this information?

RESPONSE

The Company will be happy to discuss this at the workshop. All of our customers are a priority, and our plan will identify the areas where LSLs are located, which will inform the replacement schedule. We will make sure that our education outreach includes specifics for high risk individuals or locations.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-13 Describe the considerations and replacement procedure of an LSL on a property where the site conditions would be conducive to a standard approach?

RESPONSE

Please see the response to M-9.

Standard site conditions would include the following:

- A straight-line service replacement between a curb line and structure wall.
- Standard lawn and soils, no shrubs, trees, underground rock, etc.
- Excavation would occur at the curb stop at street side and the Company would use either pneumatic gopher or open excavation to the structure's front wall.
- Structure with full basement allowing access (non-confined space).

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-14 Describe the considerations and replacement procedure of an LSL on a property where the site conditions would require the utility to take unique or extraordinary efforts?

RESPONSE

Please see the response to M-9.

Unique site conditions include:

- Decorative landscaping or hardscaping, trees, shrubs, underground rock, etc.
- Porch or other structure that would protrude beyond the main structure wall.
- Slab on grade house construction or limited crawl space creating a confined space.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-15 Should the Commission establish a cap on the amount a utility is permitted to invest in a LSL or DWWL replacement for a customer, what should this amount be and would it be reasonable to establish this cap based on a customer's meter size?

RESPONSE

Each replacement of an LSL or DWWL will present unique circumstances and challenges, therefore costs may vary. The Company does not believe a cap should be established as anything above the cap would need to be paid for by the customer. Section 1311 allows for the recovery of and on the Company's investment in the replacement of a LSL or DWWL. A cap on number of LSLs or DWWLs replaced per year in the overall program is already required through Section 1311.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-16 What processes or procedures should utilities follow based upon a customer's refusal of a LSL replacement, including:

a. Should there be any implications for residential real estate property where the presence of an LSL is identified but the current property owner refuses to voluntarily and affirmatively collaborate with the public utility in question in the replacement of such identified LSL (e.g., filing of notices with appropriate municipal authorities and property registration records whether the LSL and the corresponding company-owned LSL have been identified and have or have not been replaced)?

b. Should utilities install a backflow prevention device on the company's service line and/or terminate service to the customer if an LSL is not replaced within a reasonable period?

RESPONSE

a. Release of customer specific information is subject to privacy guidelines and protection and the Company does not release customer information to third parties

b. No. Most of Aqua's approximately 425,000 service connections do not include meter pits, most are inside the home. It would not be practical to install a backflow device on the Company's service line and bury or install a structure for access. Aqua does not believe a service connection should be terminated, absent a change in the Public Utility Code and the Commission's regulations, in response to a customer's decision to not replace a LSL.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-17 What processes or procedures should utilities follow based upon a customer's refusal of a DWWL replacement?

RESPONSE

If a customer is informed of a DWWL and refuses to have the utility, or the utility's contractor, replace the DWWL, the utility would provide the customer with an information sheet discussing the environmental and overall system impacts of having a lateral that leaks and contributes to I&I. Moreover, generally, the customer is responsible for maintaining their lateral under a utility's tariff and the utility would inform the customer of the its responsibility for its lateral.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-18 If a customer refuses to accept full replacement of a LSL, what considerations should be addressed to reduce potential liabilities for the utility and its ratepayers?

RESPONSE

The utility and its ratepayers should be protected from potential liability if a customer refuses to accept full replacement of a LSL. The Company recommends all of the below options:

- The utility must provide literature to educate the customer concerning the issues related to a partial replacement of a LSL. This literature should be submitted and approved by the PUC as part of its LSL replacement program.

- Should the customer continue to refuse to permit a full replacement of a LSL, the customer will be required to sign a release and waiver of liability in favor of the utility.

- Any requirement including seller disclosure, or recording of verified LSL with county property records should be addressed through legislation and not in this proceeding.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-19 Considering health implications associated with partial LSL replacements, should Company-owned LSLs be replaced where a customer refuses to allow replacement of the customer-owned LSL and, if so, what additional procedures should a utility follow than those previously discussed?

RESPONSE

Please see the response to M-18. A utility cannot require a customer to replace their LSL. Regarding partial LSL replacements, if the LSL is identified as part of a water main replacement project, the utility may have no choice but to replace their portion of the LSL. As services are transferred from the old water main to the new main, the service may have to be "extended" to reach the new main. Attempting to attach a new copper or plastic service to the existing LSL may not be feasible. In addition, that disturbance of the LSL may result in the same effect as a partial LSL replacement.

In addition, the Company notes that the EPA has proposed and updated Lead and Copper rule that will provide additional guidance on what is required of a utility when a LSL is found.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-20 When a number of LSLs are identified within a municipal boundary, should the utility seek legislative support regarding LSLs from the municipal entity to support a complete LSL replacement effort?

RESPONSE

Aqua is willing to work with the industry to seek additional legislative support, if necessary.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-21 What is the appropriate definition of a DWWL?

RESPONSE

A DWWL is a sanitary lateral that has structural damage or a defective cleanout riser that either allows for the infiltration of groundwater or surface water into it that is not sanitary flow (stormwater or groundwater), or has been altered in such a way due to deformations, cracks, collapses, or other damage that impedes the flow, that could result in sanitary discharges from the pipe into the environment, surcharges of the sewage collection system, or backflow of sanitary sewage into a property.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-22 What are reasonable standards, processes, and procedures for establishing the maximum number of LSLs and DWWLs that can be replaced annually?

RESPONSE

The Company submits that a maximum number to be replaced annually will vary from utility to utility, and will depend on how many LSLs and DWWLs have been identified as requiring replacement. The maximum number of LSLs and DWWLs replaced annually should, in part, be based on the utility's ability to responsibly manage the workload, including inspection and process oversight to ensure proper installation, recording and reimbursement. Maximum units replaced will also be limited by the available skilled work force in the region.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-23 What are reasonable standards, processes, and procedures for establishing a reasonable LSL or DWWL warranty term?

RESPONSE

In the Company's experience, the warranty term from a contractor for the installation of a service line or lateral typically runs for one year. The contractor has a direct relationship with the property owner. The contractor performs the work and is responsible to the property owner for the quality of work and all subsequent issues related to the work. The Company's involvement in the transaction is limited to paying the contractor for the agreed-upon work at the negotiated price.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-24 What are reasonable standards, processes, and procedures for establishing the amount and means for reimbursing customers that have replaced a LSL and/or DWWL within one year of commencement of a replacement project?

RESPONSE

The Company agrees with the approach approved by the Commission in Pennsylvania American Water Company's Petition at Docket No. P-2017-2606100, whereby the utility would reimburse a customer (1) at the customer's actual cost, if the utility's average cost exceeds the customer's actual cost, or (2) up to 125% of the average cost that it would have cost the utility, or the utility's contractor, to replace the LSL or DWWL if the customer's actual cost exceeds the utility's cost. Customers who have replaced their LSL or DWWL within one year of the commencement of a replacement project would be eligible for this reimbursement, so long as proper documentation required by the utility in its sole discretion is provided. Reimbursements will be provided through direct payment to the customer.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-25 What constitutes customer LSL and DWWL projects as referenced in 66 Pa. C.S. 1311(vii)(B) and how would reimbursements be linked to the referenced project (e.g., proximity or direct impact)?

RESPONSE

Regarding a main replacement or repair project, the reimbursement should be linked to referenced project by direct impact. Meaning, if the utility is replacing the main in the street that the customer connects to, they will be eligible for reimbursement if they had replaced their LSL or DWWL within one year of the start of the main replacement or refurbishment project.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-26 What benefits do LSL and DWWL replacements provide to each customer class, including the public and private fire protection, bulk/wholesale and industrial customer classes?

RESPONSE

LSL replacements reduce the amount of lead in the customer's drinking water, thereby improving water quality throughout the system to the benefit of all customer classes. Additionally, replacement could potentially improve non-revenue water.

DWWL replacements reduce overall system I&I, thereby preserving permitted plant capacity and reducing environmental impact from sanitary sewer overflows. Reduced I&I will lower overall treatment costs, whether they are purchased wastewater treatment, or through lower operating costs from less flow being sent to a plant owned by the utility.

The benefits stated above apply to all customer classes.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-27 What benefits do utilities and ratepayers realize from LSL and DWWL replacements apart from a return on and of the utility's investment?

RESPONSE

Please see the response to M-26.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-28 What is the applicable depreciation or amortization rate for LSL and DWWL replacement costs for DSIC purposes and would this change over the life of the investment?

RESPONSE

Regarding LSLs, the applicable depreciation rate would be the same rate used for account 333 - Services pursuant to the last approved rate in the utility's base rate filing. The current rate for Aqua from its most recent rate case at docket number M-2018-3003558 is 1.46%.

Regarding DWWLs, the applicable depreciation rate would be the same rate used for account 363 - Services pursuant to the last approved rate in the utility's base rate filing. The current rate for Aqua from its most recent rate case at docket number M-2018-3003561 is 1.35%.

The rate for both LSLs and DWWLs will change over the life of the investment; however, the Company does not expect that this will have a material impact on the rate of depreciation over time and is dependent on future retirements to which a comprehensive statistical baseline is not yet established.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-29 What is the applicable depreciation or amortization rate for LSL and DWWL replacement costs for base rate purposes and would this change over the life of the investment?

RESPONSE

Please refer to the Company's response to M-28.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-30 When allocating LSL and DWWL replacement costs between customer classes, what guidelines should balance cost causation, benefits received and LSL/DWWL replacement program participation while ensuring just and reasonable rates?

RESPONSE

The allocation of cost of service in base rate cases should continue to be based on AWWA M-1 Manual Cost Allocation Principles and future cost of service studies that already consider the impact of a utility's operating costs and investments by class of customer. The Company does not believe additional guidelines are necessary.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-31 When allocating LSL and DWWL replacement costs within a customer class, should customers with larger meters and greater consumption than the average member of their customer class have a lesser, equal or greater proportionate financial responsibility for LSL and DWWL replacement costs and should this responsibility be capped at a fixed amount for customers with meters larger than a certain size?

RESPONSE

Current cost allocation principles as mentioned in M-30 already consider differences in meter sizes, consumption and class of customer; therefore, investments in LSLs and DWWLs will be proportionally distributed. The Company does not believe a cap or special allocation consideration is necessary.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

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M-32 What alternative financial support sources exist for the replacement of LSLs and DWWLs, e.g., grants, and how should the potential and actual use of such funding sources be recognized by public utilities for accounting and ratemaking purposes in their respective LSL and DWWL replacement programs?

RESPONSE

To the extent that grants and other sources have been made available to the Company historically, Aqua has utilized such funds to supplement its capital financing requirements. At this time the Company is not aware of any direct programs that provide grants or low-cost financing to fund investor owned utilities replacing LSLs or DWWLs that will be owned by the customer after replacement. Certain grants or other funding options may be available to municipalities.

To the extent the Company would use debt, the assets would be recognized in the Weighted Average Cost of Capital. To the extent the Company would use grants, the assets would be recognized as account 271 - CIAC and be reflected as a reduction to rate base.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-33 Should utilities be required to continually seek out alternative financial support sources to fund the replacement of LSL and DWWLs and how should these efforts be documented and/or reported?

RESPONSE

No, there should not be additional requirements for utilities to seek out alternative financial support and sources to fund LSLs and DWWLs. The Company has an implicit responsibility to run the business prudently and efficiently to realize rates that are just and reasonable. To the extent that grants are made available through the federal and state governments, the Company has historically and will continue to give it due consideration. All financing is recorded and reported on the Company's books of account and subject to review in subsequent base rate cases and other regulatory filings. Utilities should not be required to document such efforts.

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DOCKET NO. M-2019-3013286

M-34 Should utilities be required to submit and receive approval of a new tariff or a tariff supplement pursuant to 66 Pa. C.S. § 1311(b)(v) before LSL and DWWL replacement costs are incorporated into a utility's LTIIP?

RESPONSE

As stated in response to M-10, the Company submits that such a tariff filing would be incorporated in a petition to amend or modify a utility's existing LTIIP.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of Act 120 of 2018 : Docket No. M-2019-3013286

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals and in the manner listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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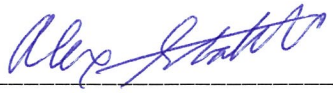

Alexander R. Stahl

Dated: November 22, 2019