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February 28, 2019

***VIA ELECTRONIC FILING***

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: The York Water Company - Annual Asset Optimization Plan for 2018  
Docket No. M-2019-**

Secretary Chiavetta:

Enclosed for filing is The York Water Company's ("York Water") 2018 Annual Asset Optimization Plan ("AAOP"), which is being filed in accordance with York Water's Long-Term Infrastructure Improvement Plan ("LTIIP") for water service approved at Docket No. P-2017-2594462 as well as the Pennsylvania Public Utility Commission's regulations. The AAOP provides details on the Distribution System Improvement Charge ("DSIC")-eligible property repaired, improved, and replaced in 2018 as well as the Company's plans to repair, improve, and replace DSIC-eligible property in 2019.

If you have any questions about this filing, please let me know.

Respectfully submitted,



Devin Ryan

DTR/jl  
Enclosures

cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA FIRST CLASS MAIL

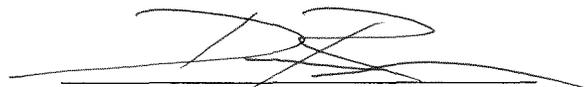
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Date: February 28, 2019



Devin T. Ryan

**The York Water Company's  
Annual Asset Optimization Plan for the 12-Month Period Ended December 31, 2018**

The York Water Company (“York Water” or the “Company”) hereby submits its Annual Asset Optimization Plan (“AAOP”) in accordance with its Long-Term Infrastructure Improvement Plan (“LTIIP” or the “Plan”) for water service as well as the Pennsylvania Public Utility Commission’s (“Commission”) regulations.<sup>1</sup> The AAOP provides details on the Distribution System Improvement Charge (“DSIC”)-eligible property repaired, improved, and replaced in 2018 as well as the Company’s plans to repair, improve, and replace DSIC-eligible property in 2019.

**I. INTRODUCTION**

York Water is a public utility engaged in the business of supplying water and wastewater service in Pennsylvania subject to the regulatory jurisdiction of the Commission. *See* 66 Pa. C.S. § 102. York Water provides water service to approximately 68,000 customers throughout its certificated service territory, which includes the City of York and surrounding municipalities in portions of York and Adams Counties, Pennsylvania. York Water provides wastewater service to approximately 2,300 customers in portions of York County.

The Company’s water system includes approximately 994 miles of pipe, 11,831 valves, 3,872 hydrants, and 66,352 meters. Since 2009, York Water has replaced or rehabilitated approximately 69.7 miles of pipe, or an average of about 7.7 miles per year. This represents about 7% of its distribution system. In addition to pipe, York Water has also addressed services, valves, hydrants, and meters as part of its infrastructure investment.

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<sup>1</sup> York Water operates several small wastewater systems, which the Company acquired over the past six years. York Water does not have a Distribution System Improvement Charge (“DSIC”) for its wastewater service and, at this time, is not proposing to implement a wastewater DSIC.

On March 20, 2017, the Company's filed its LTIP pursuant to Act 11 of 2012 ("Act 11" or the "Act"), amending Chapters 3, 13, and 33 of the Pennsylvania Public Utility Code ("Public Utility Code" or the "Code"), the regulations issued by the Commission, 52 Pa. Code §§ 121.1, *et seq.*, and the Commission's Final Supplemental Implementation Order entered on September 21, 2016, at Docket No. M-2012-2293611. The Company's LTIP included distribution plant that is DSIC-eligible. The Commission approved York Water's LTIP by its Opinion and Order entered on July 12, 2017, at Docket No. P-2017-2594462. On April 13, 2018, York Water filed its AAOP for 2017 ("2017 AAOP"), which provided details on the DSIC-eligible property repaired, improved, and replaced in 2017 as well as the Company's plans to repair, improve, and replace DSIC-eligible property in 2018. On or around June 18, 2018, the Commission issued a Secretarial Letter approving the 2017 AAOP.

This AAOP specifies: (1) all the eligible property repaired, improved and replaced in the prior 12-month period under York Water's LTIP and the 2017 AAOP; and (2) the eligible property to be repaired, improved and replaced in the upcoming 12-month period. 52 Pa. Code § 121.6(b).

## **II. ELIGIBLE PROPERTY REPAIRED, IMPROVED, AND REPLACED IN 2018**

York Water's LTIP outlined the Company's planned expenditures for main replacements for the five-year period of 2017 through 2021. Main replacements or main rehabilitation projects included main, valves, and hydrants impacted by the work. In addition, the Company had committed to eliminating all previously-identified Company-owned lead service lines by 2020. Residential meters are replaced on a 20-year cycle. In addition to planned water main replacement projects, York Water also included capital costs for water main breaks, highway relocations, tie-ins to eliminate dead ends, and cleaning and lining.

The following tables detail York Water’s actual expenditures and actual number of DSIC-eligible property that was repaired, improved, or replaced in 2018, and compares those figures to the estimates presented in the Company’s LTIP, as updated in the 2017 AAOP.

**Table 1 – Water Main Replacements – LTIP Versus Actual for 2017; AAOP Versus Actual for 2018**

| Year | Projected Miles of Main to Be Replaced or Rehabilitated | Actual Miles of Main Replaced or Rehabilitated |
|------|---|--|
| 2017 | 8   | 8.2  |
| 2018 | 9.5   | 9.5  |

**Table 2 — Replacement of Other Facilities – LTIP Versus Actual for 2017; AAOP Versus Actual for 2018**

| Year | Services  |        | Valves    |        | Hydrants  |        | Meters    |        |
|------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|      | Projected | Actual | Projected | Actual | Projected | Actual | Projected | Actual |
| 2017 | 1,054     | 1,483  | 215       | 120    | 64        | 62     | 3,155     | 3,088  |
| 2018 | 1,264     | 1,281  | 258       | 147    | 77        | 92     | 2,547     | 2,963  |

The quantities for services, valves, and hydrants presented in the LTIP and the 2017 AAOP were estimates based on historical projections. Actual project replacements were not identified until projects were scheduled and designed. The number of services also includes the previously-identified Company-owned lead service lines that the Company had committed to eliminate by 2020.

**Table 3 — Projected Budgets for 2017 in LTIP & for 2018 in 2017 AAOP Versus Actual Expenditures (in thousands of dollars)**

| Group                 | Projected 2017 | Actual 2017 | Projected 2018 | Actual 2018 |
|-----------------------|----------------|-------------|----------------|-------------|
| Mains                 | 4,524          | 2,670       | 4,493          | 3,760       |
| Valves                | 670            | 613         | 817            | 860         |
| Hydrants              | 239            | 177         | 244            | 306         |
| Services <sup>2</sup> | 1,175          | 1,695       | 1,152          | 1,808       |
| Meters                | 516            | 657         | 429            | 605         |

<sup>2</sup> In addition, York Water replaced approximately 51 customer-owned lead service lines for an average cost of \$1,200 to replace a ¾” customer-owned lead service line in 2018.

Based on the information presented above, York Water avers that it is in compliance with the repairs, improvements, and replacements of the DSIC-eligible property outlined in its LTIP for 2018.

**III. ELIGIBLE PROPERTY TO BE REPAIRED, IMPROVED, AND REPLACED IN 2019**

For the 12-month period ending December 31, 2019, York Water has updated its estimates for the DSIC-eligible property that will be repaired, improved, and replaced as well as the costs associated with such work. The Company notes that these figures differ from those presented in its LTIP and better reflect York Water’s planned replacements and expenditures for 2019.

**Table 4 – Water Main Replacements – Projected for 2019**

| <b>Year</b> | <b>Projected Miles of Main to Be Replaced or Rehabilitated</b> |
|-------------|--|
| <b>2019</b> | 9.5  |

The miles of projected main to be replaced in 2019 is an increase of 1.5 miles from the 8.0 miles set forth in the LTIP. As explained in the Company’s 2017 AAOP, York Water made the decision in 2018 to be more aggressive on its main replacement strategy. The goal for main replacement has now been set for approximately 1.0% of its system or approximately 50,000 feet per year. This decision was made in conjunction with the Company’s lead service line replacement program.

As explained in its current Commission-approved LTIP, York Water has implemented an aggressive program to remove Company-owned lead services (and customer-owned lead services) from its system. York Water discontinued installing lead service lines in approximately 1935. Therefore, any Company-owned lead service lines in existence would need to be connected to pre-1940 mains. While replacing pre-1940 mains in 2017, the Company

recognized that its records may have under-recorded the actual remaining number of Company-owned lead service lines. Specifically, through excavation, the Company has identified some services lines that were recorded as other materials, such as copper or iron, but which were actually constructed in whole or in part of lead. The error in the Company’s material records is due to procedural changes on how lead services were installed, repaired/replaced and recorded over the last 100 years.

As noted above, York Water had determined any Company-owned lead services in existence would need to be on pre-1940 main. It is the Company’s desire to eliminate all pre-1940 main or verify no lead service lines are on a pre-1940 main if that main can not be replaced in the next 10 years. York Water has established this goal to assure the Company that all Company-owned lead services will be eliminated. The increase in miles replaced will enable the Company to remove pre-1940 mains more quickly.

**Table 5 — Replacement of Other Facilities – Projected for 2019**

| <b>Year</b> | <b>Services</b> | <b>Valves</b> | <b>Hydrants</b> | <b>Meters</b> |
|-------------|-----------------|---------------|-----------------|---------------|
| <b>2019</b> | 1,264           | 258           | 77              | 2,636         |

The quantities for services, valves, and hydrants presented here are updated estimates from the Company’s LTIIP. Actual project replacements will not be identified until the project is scheduled and designed. The number of services also includes the Company-owned lead service lines that the Company has committed to eliminate by 2020.

**Table 6 — Projected Budget for 2019 (in thousands of dollars)**

| <b>Group</b>                | <b>2019</b> |
|-----------------------------|-------------|
| <b>Mains</b>                | 5,410       |
| <b>Valves</b>               | 900         |
| <b>Hydrants</b>             | 249         |
| <b>Services<sup>3</sup></b> | 956         |
| <b>Meters</b>               | 457         |

York Water notes that its projected budget for 2019 is an increase from its actual expenditures in 2018 and an increase from the 2019 projections contained in the Company’s Commission-approved LTIP. York Water has evaluated whether the total estimated cost of its LTIP has increased by more than 20% as a result of its planned increase in main replacements over the next four years. *See* 52 Pa. Code § 121.2 (defining “major modification” as, among other things, as a change that “[i]ncreases the total estimated cost of the LTIP by more than 20%”). York Water has determined at this point it has not exceeded 20%. York Water will continue to evaluate and if so, York Water will submit a petition for a major modification to its LTIP pursuant to Section 121.5 of the Commission’s regulations. *See id.* § 121.5.

**IV. ADDITIONAL REPORTING REQUIREMENTS**

In the Commission’s Order approving York Water’s LTIP, the Commission directed the Company to present the following in its AAOPs: “a chart . . . detailing the total number of services by each material class as of the end of the applicable Asset Optimization Plan reporting period.” *Petition of The York Water Co. for Approval of its Long-Term Infrastructure Improvement Plan*, Docket No. P-2017-2594462, Ordering Paragraph 2 (Order entered July 12, 2017). In compliance with the Commission’s directive, York Water presents the following:

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<sup>3</sup> Further, York Water projects to replace approximately 300 customer-owned lead service lines for a total cost of approximately \$360,000 in 2019.

**Table 7 – Services by Material – LTIP Versus Actual as of December 31, 2018**

| <b>Material</b> | <b>Number in<br/>LTIP</b> | <b>Number as of<br/>Dec. 31, 2018</b> |
|-----------------|---------------------------|---------------------------------------|
| Copper          | 53,988                    | 56,126                                |
| Cast Iron       | 62                        | 64                                    |
| Ductile Iron    | 1,253                     | 1,548                                 |
| Iron            | 522                       | 400                                   |
| Lead            | 1,362                     | 41                                    |
| Plastic         | 160                       | 160                                   |
| Unknown         | 13,909                    | 13,084 <sup>4</sup>                   |

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<sup>4</sup> York Water notes that through an analysis of property records, water main records, acquisitions and age of systems, the Company was able to determine that approximately 6,500 of the “Unknown” service lines are not lead. York Water has not determined the service lines’ precise material yet.