

PA American Water & Exeter Township Sewer
 Pro-forma Income Statement for the 12 Months Ended December 31, 2017
 (Dollars in thousands)

Appendix H

	PA American Water 12 Months Ended December 31, 2017 (Audited)	Exeter Township Sewer 12 Months Ended December 31, 2017 Pro-Forma	Pro-forma 12 Months Ended December 31 Pro-Forma
Operating revenues	\$661,088	\$ 7,056	\$ 668,144
Operating expenses			
Operation and maintenance	\$195,123	\$ 2,622	\$ 197,745
Depreciation and amortization	\$114,843	\$ 1,109 (1)	\$ 115,952
General taxes and other	\$5,093	\$ -	\$ 5,093
Total Operating Expenses	<u>\$315,059</u>	<u>\$ 3,731</u>	<u>\$ 318,790</u>
Operating income	<u>\$346,029</u>	<u>\$ 3,325</u>	<u>\$ 349,354</u>
Other income/(expenses)			
Other income/(expense), net	\$ (630)	\$ (320)	\$ (950)
Interest expense, net	\$ (71,254)	\$ -	\$ (71,254)
Total Other Expenses	<u>\$ (71,884)</u>	<u>\$ (320)</u>	<u>\$ (72,204)</u>
Income before income taxes	<u>\$ 274,145</u>	<u>\$ 3,005</u>	<u>\$ 277,150</u>
Provision for income taxes	<u>\$ 113,441</u>	<u>\$ 1,244</u>	<u>\$ 114,685</u>
Net income	<u>\$ 160,704</u>	<u>\$ 1,761</u>	<u>\$ 162,465</u>

(1) Depreciation and Amortization is not provided for on Exeter's Audited Financial statements. This is an estimate calculated by PAWC