

Pennsylvania-American Water Company & Upper Pottsgrove Township
Pro-forma Income Statement
for the 12 Months Ended December 31, 2019
(Dollars in thousands)

Appendix H

	PA American Water 12 Months Ended December 31, 2019 (Audited)	Upper Pottsgrove Township 12 Months Ended December 31, 2019	Combined Pro-Forma
Operating Revenues	\$ 689,129	\$ 1,473	\$ 690,602
Operating Expenses			
Operation and Maintenance	223,279	355	223,634
Depreciation and Amortization	136,169	-	136,169
General Taxes and Other	(440)	-	(440)
Total Operating Expenses	<u>359,008</u>	<u>355</u>	<u>359,363</u>
Operating Income	330,121	1,119	331,240
Other Income/(Expenses)			
Other Income/(Expense), Net	6,238	(593)	5,645
Interest Expense, Net	(78,675)	(146)	(78,821)
Total Other Expenses	<u>(72,437)</u>	<u>(739)</u>	<u>(73,176)</u>
Income Before Income Taxes	257,684	380	258,064
Provision for Income Taxes	70,938	-	70,938
Net Income	<u>\$ 186,746</u>	<u>\$ 380</u>	<u>\$ 187,126</u>

Note:

Page 6 of Upper Pottsgrove's financial statements notes the following: "As a result of the use of the modified cash basis of accounting, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation are not recorded in the financial statements."