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VIA e-Filing

December 19, 2023

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

**Re: Pennsylvania-American Water Company (Utility Code: 230073)
Wastewater Operations State Tax Adjustment Surcharge (STAS)**

Dear Secretary Chiavetta:

Attached please find Supplement No. 48 to Tariff Wastewater PA P.U.C. No. 16 for Pennsylvania-American Water Company which bears the issue date of December 19, 2023.

This Tariff supplement decreases the State Tax Adjustment Surcharge (STAS) on page 17 (2nd Revision) from 0.00% to (0.37%), effective January 1, 2024. The calculation of this surcharge includes the regulatory liability, plus interest, of the January 2023 STAS at Docket No. M-2022-3037158.

The Company has calculated the surcharge to be effective for the period of January 1, 2024 through August 6, 2024, after which time base rates, as proposed under Docket No. R-2023-3043189, are anticipated to go into effect and the STAS will reset to zero.

If you have any questions, please contact me.

Sincerely,

Elizabeth Rose Triscari

Attachment

cc. Office of Consumer Advocate w/Attachment **VIA** E-Mail
Bureau of Investigation and Enforcement w/Attachment **VIA** E-Mail
Office of Small Business Advocate w/Attachment **VIA** E-Mail
Bureau of Audits w/Attachment w/Attachment **VIA** E-Mail
Bureau of Technical Utility Services w/Attachment **VIA** E-Mail
Marissa Boyle (Bureau of Technical Utility Services) w/Attachment **VIA** E-Mail
Erin Laudenslager (Bureau of Technical Utility Services) w/Attachment **VIA** E-Mail
Joel Greene w/Attachment **VIA** E-Mail

**PENNSYLVANIA-AMERICAN WATER COMPANYS
Wastewater Division
(hereinafter referred to as the “Company”)
D/B/A
Pennsylvania American Water**

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,
CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY, LACKAWANNA
COUNTY, LUZERNE COUNTY, MCKEAN COUNTY, MONROE COUNTY,
MONTGOMERY COUNTY, NORTHUMBERLAND COUNTY, PIKE COUNTY,
WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued: December 19, 2023

Effective: January 1, 2024

Issued by:
Justin Ladner, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

<https://www.amwater.com/paaw/>

NOTICE

**This tariff supplement decreases the State Tax Adjustment Surcharge.
(Refer to pages 2,4, and 17.)**

LIST OF CHANGES

This tariff supplement decreases the State Tax Adjustment Surcharge on page 17th (2nd revision) from 0.00% to (0.37%), effective January 1, 2024.

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(C) means Change and (D) means Decrease

SCHEDULE OF RATES

STATE TAX ADJUSTMENT SURCHARGE

In addition to the net charges provided for in this Tariff, a surcharge of negative **(0.37%)** will apply **(D)** bills rendered on and after the Effective Date shown on the bottom of this page.

The above surcharges will be recomputed; using the elements prescribed by the Commission whenever any of the tax rates used in calculation of the surcharge are changed.

The above recalculations will be submitted to the Commission within 10 days after the occurrence of the event or date which occasioned such recomputations. If the recomputed surcharge is less than the one in effect, the Company will, and if the recomputed surcharge is more than the one in effect the Company may, submit with such recomputation a Tariff or Supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

(D) means Decrease

Pennsylvania-American Water Company
Comparison of State Income Tax Rate Calculations

Commission Approved Rate Case at Docket No. R-2022-3031672				
Effective January 28, 2023				
LINE NO.	DESCRIPTION	Total Company	Water	Wastewater
1	Operating Revenues	\$969,593,857	\$772,072,224	\$197,521,633
2	Less: O&M Expenses	303,806,656	254,254,771	49,551,885
3	Book Depreciation	205,008,201	163,831,648	41,176,553
4	Utility Operating Income Before Taxes	\$460,779,000	\$353,985,805	\$106,793,195
5	Less: Interest Expense	100,874,589	78,464,585	22,410,004
6	Taxable Operating Income	359,904,411	275,521,220	84,383,191
7	Add: Premature Property Losses / Amortizations	(320,841)	(523,042)	202,201
8	Depr - Straight Line-Remaining Life (Including COR)	205,329,042	164,354,690	40,974,352
9	Taxable Meals & Entertainment	67,443	61,163	6,280
10	Total	205,075,644	163,892,811	41,182,833
Deduct:				
11	Tax Depreciation:			
12	State Tax Depreciation Adjustments	266,303,056	242,287,784	24,015,272
13	Total	266,303,056	242,287,784	24,015,272
14	State Taxable Income	298,676,999	197,126,247	101,550,752
15	State Income Tax Rate at 8.99% (2023 Rate)	26,851,062	17,721,650	9,129,413
16	State Income Tax Rate at 8.49% (2024 Rate)	25,357,677	16,736,018	8,621,659
17	Effect of State Tax Rate Change on Income	(1,493,385)	(985,631)	(507,754)

Pennsylvania-American Water Company
Calculation of State Tax Adjustment Surcharge
For the period January 1, 2024 - August 6, 2024 ^[1]

State Income Tax		<u>Water</u>	<u>Wastewater</u>	<u>Total Company</u>
In Base Rates @ 8.99%		\$17,721,650	\$9,129,413	\$26,851,062
CNIT @ 8.49%		16,736,018	8,621,659	25,357,677
<u>Difference in Base Rates</u>		<u>(\$985,631)</u>	<u>(\$507,754)</u>	<u>(\$1,493,385)</u>
January 1 - August 6, 2024		(591,379)	(304,652)	(896,031)
2023 STAS Liability (Docket No. M-2022-3037158)		(154,358)	(24,976)	(179,334)
Total	[a]	<u>(745,737)</u>	<u>(329,628)</u>	<u>(1,075,365)</u>
Projected Revenues				
January 1 - August 6, 2024	[b]	\$473,049,564	\$89,606,958	\$562,656,522
STAS Surcharge Eff 1/1/24	[a]/[b]	-0.16%	-0.37%	

[1] The Company has a pending base rate case at Docket Nos. R-2023-3043189 and R-2023-3043190. New rates are anticipated to be effective on August 7, 2024 based on a full suspension.