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AQUA PENNSYLVANIA, INC. - WATER BASE
WATER AND WASTEWATER REVENUE REQUIREMENT - SUMMARY

		Total Company	Water Base Operations	Water Shenandoah	Wastewater Base Operations	Wastewater Lower Makefield	Wastewater East Whiteland
Present Rate Revenue	(1)	\$ 670,994,640	\$ 596,344,820	\$ 1,828,304	\$ 57,682,604	\$ 11,613,830	\$ 3,525,082
Additional Revenue Requirement	(2)	126,675,472	87,930,589	2,267,908	25,957,548	3,526,708	6,992,719
Cost of Service Allocation	(3)	-	1,465,438	(1,465,438)	-	-	-
Act 11 Allocation	(4)	-	21,850,629	-	(17,747,873)	(958,164)	(3,144,592)
Proposed Revenues		<u>\$ 797,670,111</u>	<u>\$ 707,591,475</u>	<u>\$ 2,630,774</u>	<u>\$ 65,892,280</u>	<u>\$ 14,182,374</u>	<u>\$ 7,373,208</u>
Rate Increase/(Decrease) - \$		\$ 126,675,472	\$ 111,246,656	\$ 802,470	\$ 8,209,676	\$ 2,568,544	\$ 3,848,126
Rate Increase/(Decrease) - %		18.88%	18.65%	43.89%	14.23%	22.12%	109.16%

Notes:

- (1) **Present Rate Revenues** are developed in the schedules of Exhibits 1-A through 1-E that relate to each of these operations.
- (2) **Additional Revenue Requirement** are developed in the schedules of Exhibits 1-A through 1-E that relate to each of these operations.
- (3) **Cost of Service Allocation** from Water Shenandoah to Water Base Operations.
- (4) **Act 11 Allocation** is the allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

AQUA PENNSYLVANIA, INC. - WATER BASE

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	PRESENT RATES				PRESENT RATES				PROPOSED RATES	
	PER BOOKS	ADJUSTMENT	12/31/23 AMOUNT	ADJUSTMENT	12/31/24 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	AMOUNT	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Operating Revenues	564,324,528	\$ 1,183,789	565,508,317	\$ 32,890,404	\$ 598,398,721	\$ (2,053,902)	\$ 596,344,820	\$ 87,930,589	\$ 684,275,408
2	Operating Expenses	122,259,439	(990,436)	121,269,003	9,656,458	130,925,461	14,717,698	145,643,159	386,944	146,030,102
3	Depreciation	116,808,845	16,864,708	133,673,553	4,745,054	138,418,607	3,844,349	142,262,956		142,262,956
4	Taxes, other than income :									
5	PUC assessment	2,280,687	165,057	2,445,744	142,246	2,587,990	(8,883)	2,579,107	380,287	2,959,395
6	OCA & SBA assessments	959,581	197,782	1,157,363	67,313	1,224,676	(4,203)	1,220,472	179,958	1,400,430
7	Public Utility Realty tax	4,373,227	326,773	4,700,000	-	4,700,000	-	4,700,000	-	4,700,000
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-
9	Local property taxes & misc.	1,162,341	-	1,162,341	-	1,162,341	-	1,162,341	-	1,162,341
10	Federal & State payroll tax	2,487,473	434,260	2,921,733	252,193	3,173,926	149,200	3,323,126	-	3,323,126
11	Total Taxes, other than income	11,263,310	1,123,871	12,387,181	461,753	12,848,934	136,114	12,985,047	560,245	13,545,292
12	Utility Operating Income Before Tax	313,992,933	(15,814,353)	298,178,580	18,027,140	316,205,720	(20,752,062)	295,453,658	86,983,400	382,437,058
13	Income Taxes:									
14	Federal Tax-Current	4,753,143	10,596,627	15,349,771	8,244,427	23,594,198	(5,132,157)	18,462,040	16,807,019	35,269,060
15	Pa. CNI Tax-Current	2,735,986	4,279,004	7,014,990	(1,126,843)	5,888,147	(1,568,309)	4,319,838	6,949,974	11,269,812
16	Federal Tax-Deferred	(2,075,765)	2,788,818	713,053	(1,372,488)	(659,435)	(6,590,223)	(7,249,658)	-	(7,249,658)
17	Pa. CNI Tax-Deferred	17,371,174	(18,188,067)	(816,893)	3,262,154	2,445,261	(191,500)	2,253,761	-	2,253,761
18	ITC-Current	-	-	-	-	-	-	-	-	-
19	ITC-Amortized	(253,412)	-	(253,412)	151,272	(102,140)	-	(102,140)	-	(102,140)
20	Total Income Taxes	22,531,127	(523,617)	22,007,510	9,158,521	31,166,030	(13,482,190)	17,683,841	23,756,993	41,440,834
21	Total Operating Revenue Deductions	272,862,721	16,474,526	289,337,247	24,021,785	313,359,032	5,215,971	318,575,003	24,704,182	343,279,185
22	Utility Operating Income	291,461,807	(15,290,736)	276,171,070	8,868,619	285,039,690	(7,269,873)	277,769,817	63,226,407	340,996,224
23	Income Deductions:									
24	Interest on Long-Term debt	85,178,589	(3,566,463)	81,612,127	(2,332,617)	79,279,509	6,632,997	85,912,507	-	85,912,507
25	Amort. Of debt discount & expense	692,396	(692,396)	-	-	-	-	-	-	-
26	Other interest charges	-	-	-	-	-	-	-	-	-
27	Interest during Construction	(6,955,870)	6,955,870	-	-	-	-	-	-	-
28	Total Income Deductions	78,915,115	2,697,012	81,612,127	(2,332,617)	79,279,509	6,632,997	85,912,507	-	85,912,507
29	Net Income	\$ 212,546,692	\$ (17,987,748)	\$ 194,558,944	\$ 11,201,237	\$ 205,760,180	\$ (13,902,870)	\$ 191,857,311	\$ 63,226,407	\$ 255,083,717
30	Preferred Dividend									
31	Net Income-Common	\$ 212,546,692	\$ (17,987,748)	\$ 194,558,944	\$ 11,201,237	\$ 205,760,180	\$ (13,902,870)	\$ 191,857,311	\$ 63,226,407	\$ 255,083,717

AQUA PENNSYLVANIA, INC. - WATER BASE

NUMBER OF CUSTOMERS SERVED
 AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 12/31/2022	SERVED AT 12/31/2023	TO BE SERVED AT 12/31/2024	TO BE SERVED AT 12/31/2025	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Metered:							
2	Residential	406,878	408,864	410,498	412,132	411,848	-	284
3	Commercial	23,102	23,365	23,535	23,705	23,677	-	28
4	Industrial	722	720	720	720	716	-	4
5	Public	1,212	1,197	1,197	1,197	1,192	-	5
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	5,729	5,770	5,770	5,770	5,770	-	-
8	Sales to Water Utilities	21	22	22	22	22	-	-
9	Total Metered Customers	437,664	439,938	441,742	443,546	443,225	-	321
10	Other:							
11	Unmetered	875	1,009	1,009	1,009	989	-	20
12	Availability Charge	-	-	-	-	-	-	-
13	Public Fire Protection	265	264	264	264	264	-	-
14	Private Fire Protection	838	847	847	847	847	-	-
15	Total Customers	439,642	442,058	443,862	445,666	445,325	-	341

AQUA PENNSYLVANIA, INC. - WATER BASE
 CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN
 AT CURRENT AND PROPOSED RATES DECEMBER 31, 2025

LINE NO.	DESCRIPTION	REFERENCE		
		YEAR 1		
1	Pro Forma Rate Base	Schedule G-1	\$	4,318,247,093
2	Recommended Rate of Return	Schedule E-1	X	7.90%
3	Operating Income, Pro Forma Proposed Rates		= \$	340,996,224
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	277,769,817
5	Operating Income Deficit		= \$	63,226,407
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.3907
7	Revenue Deficit		= \$	87,930,589

AQUA PENNSYLVANIA, INC. - WATER BASE
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN
EARNED IN THE YEAR ENDED DECEMBER 31, 2023 AND
ANTICIPATED UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2025

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates December 31, 2023	\$ 276,171,070	\$ 3,948,804,824	6.99%
2	Present Rates December 31, 2024	\$ 285,039,690	\$ 4,127,048,593	6.91%
3	Present Rates December 31, 2025	\$ 277,769,817	\$ 4,318,247,093	6.43%
4	Proposed Rates December 31, 2025	\$ 340,996,224	\$ 4,318,247,093	7.90%

AQUA PENNSYLVANIA, INC. - WATER BASE
 CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.637% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	0.440% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9892
7	State Tax Rate	7.990%
8	State Tax \$\$ =====>	\$ 0.0790
9	State Factor	\$ 0.9102
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1911
12	Combined Income Tax Factor on Gross Revenues	27.02%
13	Net Operating Income Factor	71.90%
14	Gross Revenue Conversion Factor	1.39073

AQUA PENNSYLVANIA, INC. - WATER BASE
 STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS (1)	REVENUE FOR 12 MOS. ENDED 12/31/23		PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		REVENUE RATE INCREASE		PROPOSED RATES
		AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	%	\$	AMOUNT
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	Metered Sales:											
2	Residential	\$ 367,856,225	\$ 618,595	\$ 368,474,821	\$ 20,628,721	\$ 389,103,542	\$ (3,032,595)	\$ 386,070,947	15.7%	\$ 60,633,876	\$ 446,704,823	
3	Commercial	133,408,984	191,172	133,600,156	9,264,997	142,865,153	94,741	142,959,894	14.4%	20,605,214	163,565,108	
4	Industrial	22,687,969	(107,177)	22,580,792	1,509,027	24,089,819	214,492	24,304,311	13.6%	3,300,677	27,604,987	
5	Public	10,112,996	489,569	10,602,565	219,784	10,822,349	1,368	10,823,717	15.5%	1,680,493	12,504,211	
6	Bulk Water	135,692	-	135,692	(738)	134,955	-	134,955	0.0%	-	134,955	
7	Private Fire Protection	15,240,196	22,071	15,262,267	1,002,223	16,264,489	-	16,264,489	0.0%	-	16,264,489	
8	Sales to Water Utilities	3,668,949	1,053	3,670,002	166,870	3,836,871	668,093	4,504,964	0.6%	27,917	4,532,881	
9	Total Metered Sales	553,111,012	1,215,283	554,326,295	32,790,883	587,117,178	(2,053,902)	585,063,276	14.7%	86,248,177	671,311,454	
10	Other:											
11	Unmetered	18,135	124	18,259	(8,813)	9,446	-	9,446	7.2%	677	10,123	
12	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-	
13	Public Fire Protection	7,347,754	(17,231)	7,330,523	(75,445)	7,255,078	-	7,255,078	10.2%	736,651	7,991,729	
14	Private Fire Protection	2,701,963	(14,387)	2,687,576	174,637	2,862,213	-	2,862,213	33.0%	945,084	3,807,296	
15	Total Sales to General Customers	563,178,863	1,183,789	564,362,652	32,881,262	597,243,915	(2,053,902)	595,190,013	14.8%	87,930,589	683,120,601	
16	Other Water Revenue:											
17	Forfeited Discounts	-	-	-	-	-	-	-	0.0%	-	-	
18	Miscellaneous Service Revenue	1,145,665	-	1,145,665	9,142	1,154,807	-	1,154,807	0.0%	-	1,154,807	
19	Sub-Total	1,145,665	-	1,145,665	9,142	1,154,807	-	1,154,807	0.0%	-	1,154,807	
20	Total Operating Revenue	\$ 564,324,528	\$ 1,183,789	\$ 565,508,317	\$ 32,890,404	\$ 598,398,721	\$ (2,053,902)	\$ 596,344,820	14.7%	\$ 87,930,589	\$ 684,275,408	

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION (1)	REFERENCE (2)	ADJUSTMENT (3)	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25	
				AMOUNT (4)	ADJUSTMENT (5)	AMOUNT (6)	ADJUSTMENT (7)	AMOUNT (8)	
1	Per Books			\$ 564,324,528					
2	Present Rates at 12/31/23					\$ 565,508,317			
3	Present Rates at 12/31/24							\$ 598,398,721	
4	Unbilled Revenue Adjustment	Schedule B-3	269,110		-		-		
5	DSIC Annualization	Schedule B-4	-		35,639,834		-		
6	Change In Customers	Schedule B-5	596,522		1,269,217		1,269,218		
7	Customer Assistance Program	Schedule B-6	65,284		(4,054,528)		(2,987,822)		
8	Declining Residential Consumption Adjustment	Schedule B-7	-		(1,219,249)		(1,219,250)		
9	Miscellaneous Revenue Adjustments	Schedule B-8	-		-		-		
10	Specific Customer Adjustments	Schedule B-9	461,000		1,255,130		883,953		
11	Eliminate Twin Lakes And Venango Revenue	Schedule B-10	(208,127)		-		-		
12	Pro Forma Adjustment			<u>1,183,789</u>		<u>32,890,404</u>		<u>(2,053,902)</u>	
13	Pro Forma Present Rates at December 31, 2023			<u>\$ 565,508,317</u>					
14	Pro Forma Present Rates at December 31, 2024					<u>\$ 598,398,721</u>			
15	Pro Forma Present Rates at December 31, 2025							<u>\$ 596,344,820</u>	

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT
1	Metered Sales:	
2	Residential	\$ (209,779)
3	Commercial	(146,309)
4	Industrial	107,177
5	Public	(28,569)
6	Bulk Water	-
7	Private Fire Protection	(22,071)
8	Sales to Water Utilities	(1,053)
9	Total Metered Sales	<u>(300,603)</u>
10	Other:	
11	Unmetered	(124)
12	Availability Charge	-
13	Public Fire Protection	17,231
14	Private Fire Protection	14,387
15	Total Sales to General Customers	<u>(269,110)</u>
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	<u>-</u>
20	Total Operating Revenue	<u>\$ (269,110)</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for December 31, 2024 based on the Company's pro forma level at December 31, 2024 and the 7.16% rate that is expected to become effective on January 1, 2025.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES	PRESENT RATES
		12/31/2023 DSIC REVENUE	12/31/2024 DSIC REVENUE	12/31/2024 ADJUSTMENT	12/31/2025 ADJUSTMENT
1	Metered Sales:				
2	Residential	\$ 2,001,257	\$ 25,795,079	\$ 23,793,822	
3	Commercial	726,170	9,562,757	8,836,587	
4	Industrial	103,347	1,353,752	1,250,405	
5	Public	47,476	624,697	577,221	
6	Bulk Water	738	-	(738)	
7	Private Fire Protection	82,984	1,085,207	1,002,223	
8	Sales to Water Utilities	(2,105)	1,193	3,298	
9	Total Metered Sales	2,959,867	38,422,684	35,462,818	-
10	Other:				
11	Unmetered	99	631	532	
12	Availability Charge	-	-	-	
13	Public Fire Protection	-	-	-	
14	Private Fire Protection	14,613	191,097	176,484	
15	Total Sales to General Customers	2,974,579	38,614,413	35,639,834	-
16	Other Water Revenue:				
17	Forfeited Discounts	-	-	-	
18	Miscellaneous Service Revenue	-	-	-	
19	Sub-Total	-	-	-	-
20	Total Operating Revenue	\$ 2,974,579	\$ 38,614,413	\$ 35,639,834	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CHANGE IN CUSTOMERS

The following adjustment reflects the change in revenues due to the average change in number of customers during the three years ending December 31, 2025. Projections were based on a three year historical growth average exclusive of acquisitions.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 ADJUSTMENT	12/31/2024 ADJUSTMENT	12/31/2025 ADJUSTMENT
1	Metered Sales:			
2	Residential	\$ 551,659	\$ 1,174,477	\$ 1,174,477
3	Commercial	44,863	94,740	94,741
4	Industrial			
5	Public			
6	Bulk Water			
7	Private Fire Protection			
8	Sales to Water Utilities			
9	Total Metered Sales	596,522	1,269,217	1,269,218
10	Other:			
11	Unmetered			
12	Availability Charge			
13	Public Fire Protection			
14	Private Fire Protection			
15	Total Sales to General Customers	596,522	1,269,217	1,269,218
16	Other Water Revenue:			
17	Forfeited Discounts			
18	Miscellaneous Service Revenue			
19	Sub-Total	-	-	-
20	Total Operating Revenue	\$ 596,522	\$ 1,269,217	\$ 1,269,218

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CUSTOMER ASSISTANCE PROGRAM

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Metered Sales:				
2	Residential	\$ (492,494)	\$ (427,210)	\$ (4,481,738)	\$ (7,469,560)
3	Commercial				
4	Industrial				
5	Public				
6	Bulk Water				
7	Private Fire Protection				
8	Sales to Water Utilities				
9	Total Metered Sales	(492,494)	(427,210)	(4,481,738)	(7,469,560)
10	Other:				
11	Unmetered				
12	Availability Charge				
13	Public Fire Protection				
14	Private Fire Protection				
15	Total Sales to General Customers	(492,494)	(427,210)	(4,481,738)	(7,469,560)
16	Other Water Revenue:				
17	Forfeited Discounts				
18	Miscellaneous Service Revenue				
19	Sub-Total	-	-	-	-
20	Total Operating Revenue	\$ (492,494)	\$ (427,210)	\$ (4,481,738)	\$ (7,469,560)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DECLINING RESIDENTIAL CONSUMPTION ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2024 ADJUSTMENT	PRESENT RATES 12/31/2025 ADJUSTMENT
1	Metered Sales:		
2	Residential	\$ (1,219,249)	\$ (1,219,250)
3	Commercial		
4	Industrial		
5	Public		
6	Bulk Water		
7	Private Fire Protection		
8	Sales to Water Utilities		
9	Total Metered Sales	<u>(1,219,249)</u>	<u>(1,219,250)</u>
10	Other:		
11	Unmetered		
12	Availability Charge		
13	Public Fire Protection		
14	Private Fire Protection		
15	Total Sales to General Customers	<u>(1,219,249)</u>	<u>(1,219,250)</u>
16	Other Water Revenue:		
17	Forfeited Discounts		
18	Miscellaneous Service Revenue		
19	Sub-Total	<u>-</u>	<u>-</u>
20	Total Operating Revenue	<u>\$ (1,219,249)</u>	<u>\$ (1,219,250)</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	12/31/2023 ADJUSTMENT	PRESENT RATES 12/31/2023 AMOUNT
1	Metered Sales:			
2	Residential		\$ -	\$ -
3	Commercial		-	-
4	Industrial		-	-
5	Public		-	-
6	Bulk Water		-	-
7	Private Fire Protection		-	-
8	Sales to Water Utilities		-	-
9	Total Metered Sales	-	-	-
10	Other:			
11	Unmetered (b)		-	-
12	Availability Charge		-	-
13	Public Fire Protection		-	-
14	Private Fire Protection		-	-
15	Total Sales to General Customers	-	-	-
16	Other Water Revenue:			
17	Forfeited Discounts		-	-
18	Miscellaneous Service Revenue		-	-
19	Sub-Total	-	-	-
20	Total Operating Revenue	\$ -	\$ -	\$ -

(a)
 (b) Eliminate Backbills

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

SPECIFIC CUSTOMER ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES	
		12/31/2023 ADJUSTMENT	12/31/2024 ADJUSTMENT	12/31/2024 ADJUSTMENT	12/31/2025 ADJUSTMENT
1	Metered Sales:				
2	Residential	(a)	\$ 924,799	(b)	\$ 9,400
3	Commercial	(a)	333,670		
4	Industrial	(a)	3,217	(d)	214,492
5	Public	(a)	461,000	(d)	62,885
6	Bulk Water				1,368
7	Private Fire Protection	(c)			
8	Sales to Water Utilities	(a)	401,740	(d)	668,093
9	Total Metered Sales		<u>1,243,105</u>		<u>883,953</u>
10	Other:				
11	Unmetered		55	(b)	(9,400)
12	Availability Charge				
13	Public Fire Protection	(a)	(75,445)		
14	Private Fire Protection	(a)	(1,847)		
15	Total Sales to General Customers		<u>1,165,868</u>		<u>883,953</u>
16	Other Water Revenue:				
17	Forfeited Discounts				
18	Miscellaneous Service Revenue	(a)	9,142	(d)	-
19	Sub-Total		<u>9,142</u>		<u>-</u>
20	Total Operating Revenue		<u>\$ 461,000</u>		<u>\$ 883,953</u>

- (a) Refer to AP Statement No. 10
- (b) Move from Flat Rate to Unmetered
- (c) Private Fire Adjustment
- (d) Contract Customer inflation. Refer to AP Statement No. 10

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ELIMINATE TWIN LAKES AND VENANGO REVENUE

Beginning January 15, 2021, the Company was appointed receiver for Twin Lakes Utilities, Inc. at Docket No. P-2020-3020914.
 Beginning August 12, 2023, the Company was appointed receiver for the Venango Water Company at Docket No. M-2023-3042180.
 The following adjustment removes the revenue collected from Twin Lakes and Venango during the test year which was recorded above the line. Refer to Schedule C-10.1 and Schedule C-10.2 of this exhibit for the removal of Twin Lakes and Venango expenses.

LINE NO.	DESCRIPTION	PER BOOKS	PER BOOKS	12/31/2023 ADJUSTMENT	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2023 AMOUNT		12/31/2023 AMOUNT
		Twin Lakes	Venango		
1	Metered Sales:				
2	Residential	\$ 208,127	\$ -	\$ (208,127)	\$ -
3	Commercial	-	-	-	-
4	Industrial	-	-	-	-
5	Public	-	-	-	-
6	Bulk Water	-	-	-	-
7	Private Fire Protection	-	-	-	-
8	Sales to Water Utilities	-	-	-	-
9	Total Metered Sales	208,127	-	(208,127)	-
10	Other:				
11	Unmetered	-	-	-	-
12	Availability Charge	-	-	-	-
13	Public Fire Protection	-	-	-	-
14	Private Fire Protection	-	-	-	-
15	Total Sales to General Customers	208,127	-	(208,127)	-
16	Other Water Revenue:				
17	Forfeited Discounts	-	-	-	-
18	Miscellaneous Service Revenue	-	-	-	-
19	Sub-Total	-	-	-	-
20	Total Operating Revenue	\$ 208,127	\$ -	\$ (208,127)	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
1		Source of Supply				
2		-Operations-				
3	6011	Labor	\$ 697,153	\$ 686,809	\$ 796,503	\$ 836,081
4	6041	Employee Benefits	181,515	178,969	183,309	187,525
5	6101	Purchased Water	5,295,423	5,295,423	6,013,578	5,343,627
6	6151	Purchased Power	6,368,552	6,405,893	6,402,047	8,638,697
7	6161	Purchased Power	167,117	168,254	168,157	273,760
8	6201	Supplies	59,473	59,473	60,915	62,316
9	6311	OS Engineer	(16,663)	(16,663)	(17,067)	(17,460)
10	6351	OS Lab Testing	(49)	(49)	(50)	(51)
11	6361	OS Other	327,725	327,725	335,672	343,393
12	6501	Transportation	45,951	45,379	46,479	47,548
13	6751	Other	16,795	16,795	17,203	17,598
14		-Maintenance-				
15	6012	Labor	104,794	104,794	121,321	127,306
16	6042	Employee Benefits	47,580	47,580	48,734	49,855
17	6202	Supplies	91,740	91,740	93,965	96,126
18	6312	OS Engineer	24,643	24,643	25,241	25,821
19	6362	OS Other	254,754	254,754	260,932	266,933
20	6502	Transportation	6,980	6,980	7,149	7,313
21	6752	Other	674	674	690	706
22						
23		Total Source of Supply Expense	\$ 13,674,156	\$ 13,699,171	\$ 14,564,777	\$ 16,307,096
24						
25		--Treatment--				
26		-Operations-				

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
27	6013	Labor	7,668,498	7,668,498	8,877,870	9,315,901
28	6043	Employee Benefits	2,186,920	2,186,920	2,239,953	2,291,472
29	6153	Purchased Power	109,373	110,116	108,605	149,987
30	6163	Purchased Power	59,975	60,383	60,348	81,413
31	6183	Chemicals	12,621,737	10,189,853	12,817,582	16,199,379
32	6203	Supplies	526,497	526,497	539,264	551,668
33	6313	OS Engineer	(12,020)	(12,020)	(12,311)	(12,595)
34	6353	OS Lab Testing	496,530	496,530	508,571	520,268
35	6363	OS Other	(928,007)	(928,007)	(950,511)	(352,973)
36	6423	Leases	4,201	4,201	4,201	4,201
37	6503	Transportation	483,628	483,628	495,356	506,749
38	6504	Transportation	2,831	2,830	2,899	2,966
39	6753	Other	194,387	194,387	199,101	203,680
40		-Maintenance-				
41	6014	Labor	43,292	43,288	50,115	52,588
42	6044	Employee Benefits	13,839	13,837	14,173	14,499
43	6204	Supplies	201,065	201,065	205,940	210,677
44	6314	OS Engineer	38,720	38,720	39,659	40,571
45	6354	OS Lab Testing	12,030	12,030	12,322	12,606
46	6364	OS Other	1,910,504	2,410,504	2,456,833	2,501,840
47	6424	Leases	2,321	2,321	2,321	2,321
48	6754	Other	69,734	69,734	71,425	73,068
49						
50		Total Treatment Expense	\$ 25,706,055	\$ 23,775,316	\$ 27,743,717	\$ 32,370,287
51						
52		--Transmission and Distribution--				

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
53		-Operations-				
54	6015	Labor	4,989,070	4,987,625	5,774,399	6,059,344
55	6045	Employee Benefits	1,400,594	1,400,256	1,434,212	1,467,199
56	6155	Purchased Power	1,106,700	1,114,227	1,113,584	1,502,284
57	6165	Purchased Power	5,451	5,489	5,485	7,400
58	6205	Supplies	125,031	125,031	128,063	131,008
59	6315	OS Engineer	3,370	3,370	3,452	3,531
60	6355	OS Lab Testing	1,094	1,094	1,121	1,146
61	6365	OS Other	542,094	540,337	553,440	566,170
62	6415	Leases	50,214	50,214	50,214	50,214
63	6505	Transportation	306,224	306,134	313,558	320,770
64	6755	Other	16,913	16,913	17,323	17,722
65		-Maintenance-				
66	6016	Labor	1,100,451	1,100,424	1,273,971	1,336,829
67	6046	Employee Benefits	294,373	294,367	301,506	308,440
68	6206	Supplies	294,745	294,745	301,892	308,836
69	6316	OS Engineer	3,330	3,330	3,410	3,489
70	6366	OS Other	1,290,655	1,290,655	1,321,953	1,352,358
71	6506	Transportation	60,987	60,985	62,464	63,901
72	6756	Other	19,267	19,267	19,734	20,188
73						
74		Total Transmission and Distribution Expense	\$ 11,610,562	\$ 11,614,462	\$ 12,679,782	\$ 13,520,829
75						
76		--Customer Accounting--				
77	6017	Labor	3,038,810	3,036,657	3,515,845	3,689,374
78	6047	Employee Benefits	735,310	734,967	752,790	770,104

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
79	6207	Supplies	194,774	194,774	199,497	204,086
80	6347	Management Fees	5,331,527	5,331,527	5,460,816	5,586,415
81	6367	OS Other	87,513	87,513	89,635	101,788
82	6507	Transportation	182,430	182,340	186,762	191,057
83	6757	Other	8,928	8,928	9,144	9,354
84	6707	Bad Debt	1,837,023	3,058,282	3,857,783	4,674,136
85						
86		Total Customer Accounting Expense	\$ 11,416,315	\$ 12,634,988	\$ 14,072,272	\$ 15,226,314
87						
88		--Administrative and General--				
89	6018	Labor	11,956,653	11,956,653	13,842,294	14,525,268
90	6038	Labor	1,588,529	1,587,490	1,837,987	1,928,700
91	6048	Employee Benefits	5,640,177	3,932,094	2,906,131	2,702,789
92	6158	Purchased Power	231,858	233,435	233,301	314,735
93	6168	Purchased Power	69,175	69,646	69,605	93,901
94	6208	Supplies	1,078,439	1,078,439	1,104,591	1,129,997
95	6318	OS Engineer	135,136	135,136	138,413	141,596
96	6328	OS Accounting	776,660	596,778	586,743	591,312
97	6338	OS Legal	815,255	745,787	745,787	745,787
98	6348	Management Fees	20,090,234	20,090,234	20,577,422	21,050,703
99	6349	Management Fees	-	23,022	182,926	376,585
100	6358	OS Lab Testing	98,017	98,017	100,394	102,703
101	6368	OS Other	5,743,079	7,826,232	8,016,018	8,905,387
102	6418	Leases	531,377	531,377	531,377	531,377
103	6428	Leases	25,405	25,405	25,405	25,405
104	6508	Transportation	692,743	692,743	709,543	725,862

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
105	6568	Insurance	-	(527)	3,847	13,481
106	6578	Insurance	3,550,261	3,533,087	3,619,248	3,862,294
107	6588	Insurance	626,750	623,215	666,175	742,082
108	6598	Insurance	1,377,763	1,369,993	1,484,408	1,695,204
109	6608	Other	58,879	58,879	60,307	166,694
110	6758	Other	4,357,230	3,929,197	4,024,480	4,117,044
111	6668	Amortization of Rate Case	315,844	315,844	315,844	1,149,461
112	6678	Amortization Other	-	-	-	2,511,175
113	4060	Amortization of UPAA	92,889	92,889	82,667	69,092
114						
115		Total Admin & General Expense	\$ 59,852,352	\$ 59,545,065	\$ 61,864,912	\$ 68,218,632
116						
117		Total Operating Expenses	\$ 122,259,439	\$ 121,269,003	\$ 130,925,461	\$ 145,643,159

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER	ADJUSTMENTS	PRESENT	ADJUSTMENTS	PRESENT	ADJUSTMENTS	PRESENT
	BOOKS		RATES		RATES		RATES
	12/31/23	12/31/23	12/31/23	12/31/24	12/31/24	12/31/25	12/31/25
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 31,187,250	\$ (15,012)	\$ 31,172,238	\$ 4,918,068	\$ 36,090,305	\$ 1,781,087	\$ 37,871,393
2 Employee Benefits	10,500,308	(1,711,316)	8,788,992	(908,183)	7,880,809	(88,924)	7,791,885
3 Purchased Water	5,295,423	-	5,295,423	718,155	6,013,578	(669,951)	5,343,627
4 Purchased Wastewater	-	-	-	-	-	-	-
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	8,118,202	49,241	8,167,442	(6,310)	8,161,133	2,901,044	11,062,177
7 Chemicals	12,621,737	(2,431,884)	10,189,853	2,627,729	12,817,582	3,381,798	16,199,379
8 Supplies	2,571,762	-	2,571,762	62,365	2,634,128	60,585	2,694,713
9 OS Engineer	176,515	-	176,515	4,280	180,796	4,158	184,954
10 OS Accounting	776,660	(179,881)	596,778	(10,035)	586,743	4,569	591,312
11 OS Legal	815,255	(69,468)	745,787	-	745,787	-	745,787
12 OS Lab Testing	607,623	-	607,623	14,735	622,358	14,314	636,672
13 OS Other	9,228,316	2,581,397	11,809,713	274,261	12,083,973	1,600,922	13,684,895
14 Management Fees	25,421,761	23,022	25,444,783	776,382	26,221,164	792,539	27,013,703
15 Leases	613,518	-	613,518	-	613,518	-	613,518
16 Transportation	1,781,774	(755)	1,781,020	43,190	1,824,209	41,957	1,866,166
17 Insurance	5,554,774	(29,006)	5,525,768	247,909	5,773,677	539,384	6,313,061
18 Other	4,742,807	(428,033)	4,314,774	104,633	4,419,407	206,646	4,626,053
19 Bad Debt	1,837,023	1,221,260	3,058,282	799,500	3,857,783	816,354	4,674,136
20 Amortization of Rate Case	315,844	-	315,844	-	315,844	833,617	1,149,461
21 Amortization of UPAA	92,889	-	92,889	(10,221)	82,667	(13,576)	69,092
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	2,511,175	2,511,175
24 Total Operating Expenses	\$ 122,259,439		\$ 121,269,003		\$ 130,925,461		\$ 145,643,159
25 Pro Forma Adjustments		\$ (990,436)		\$ 9,656,458		\$ 14,717,698	
26 Uncollectibles @ Proposed Rates							\$ 386,944
27 Proposed Rates @ 12/31/25							\$ 146,030,102

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 122,259,439				
2	Present Rates at 12/31/23					\$ 121,269,003		
3	Present Rates at 12/31/24							\$ 130,925,461
4	Present Rates at 12/31/25							
5	General Price Level Adjustment	Schedule C-4.1	-		658,553		639,668	
6	Uncollectible Accounts	Schedule C-4.2	1,229,868		799,709		816,557	
7	Additional Cost Of Serving Customers	Schedule C-4.3	-		-		148,303	
8	Rate Case Expense	Schedule C-4.4	-		-		833,617	
9	Payroll	Schedule C-4.5	-		4,918,432		1,781,441	
10	Insurance Expense	Schedule C-4.6	(29,006)		247,909		539,384	
11	Management Service & Sundry	Schedule C-4.7	23,022		627,725		648,126	
12	Page Held For Future Use	Schedule C-4.8	-		-		-	
13	Miscellaneous Expense Adjustments	Schedule C-4.9	2,038,439		-		3,940,575	
14	Specific Expenses Not Subject To Increase	Schedule C-4.10	-		-		-	
15	Audit Fee Expense	Schedule C-4.11	(179,881)		(10,035)		4,569	
16	Adjustment To Amortization Of Acquisition Adjustments	Schedule C-5.1	-		(10,221)		(13,576)	
17	Page Held For Future Use	Schedule C-5.2	-		-		-	
18	Purchased Power Expense	Schedule C-6.1	55,216		(4,717)		2,851,309	
19	Chemicals	Schedule C-6.2	(2,431,884)		2,630,001		3,308,804	
20	Purchased Water Expense	Schedule C-7.1	-		718,155		(692,601)	
21	Water Production Adjustment	Schedule C-7.2	-		(3,720)		7,392	
22	Dredging Expense	Schedule C-7.3	500,000		-		-	
23	Employee Group Insurance	Schedule C-8.1	(88,379)		516,995		473,502	
24	Pension	Schedule C-8.2	(67,800)		(2,733,200)		-	
25	Post Retirement Benefits	Schedule C-8.3	(85,220)		15,036		(634,035)	
26	401K Expense	Schedule C-8.4	(36,125)		626,318		171,281	
27	Remove Intracompany Benefits	Schedule C-8.5	(1,430,559)		659,518		(106,618)	
28	Legal Expense	Schedule C-9.1	(69,468)		-		-	
29	Eliminate NAWC Lobbying Expense	Schedule C-9.2	(43,494)		-		-	
30	Eliminate Twin Lakes Expenses	Schedule C-10.1	(375,029)		-		-	
31	Eliminate Venango Expenses	Schedule C-10.2	(136)		-		-	
32	Pro Forma Adjustments			\$ (990,436)		\$ 9,656,458		\$ 14,717,698
33	Pro Forma Present Rates at December 31, 2023			\$ 121,269,003				
34	Pro Forma Present Rates at December 31, 2024					\$ 130,925,461		
35	Pro Forma Present Rates at December 31, 2025							\$ 145,643,159

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES
		12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 12/31/2023	\$ 121,269,003	
3	Present Rates 12/31/2024		\$ 130,925,461
4	<i>Less amounts specifically adjusted in this filing or not otherwise subject to inflation:</i>		
5	Labor	31,187,250	36,105,682
6	Employee Benefits	8,494,150	7,578,818
7	Purchased Water	5,295,423	6,013,578
8	Purchased Power	8,173,417	8,168,700
9	Chemicals	10,189,853	12,819,854
10	Supplies	-	-
11	OS Engineer	-	-
12	OS Accounting	596,778	586,743
13	OS Legal	745,787	745,787
14	OS Lab Testing	-	-
15	OS Other	500,000	500,000
16	Management Fees	19,314,615	19,942,340
17	Leases	613,518	613,518
18	Transportation	-	-
19	Insurance	5,525,768	5,773,677
20	Other	-	-
21	Bad Debt	3,066,891	3,866,600
22	Amortization of Rate Case	315,844	315,844
23	Amortization of UPAA	92,889	82,667
24	Amortization of Tank Painting	-	-
25	Amortization Other	-	-
26	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 94,112,183	\$ 103,113,807
27	Total Operating Expenses Subject to Effects of Inflation	\$ 27,156,820	\$ 27,811,653
28	Inflation Factor - Schedule C-4.1.i	2.425%	2.300%
29	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 658,553	\$ 639,668

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	First Quarter	2024	2.500% (a)
2	Second Quarter	2024	2.500% (a)
3	Third Quarter	2024	2.400% (a)
4	Fourth Quarter	2024	2.300% (a)
5	Annual Average for the Period Ending 12/31/2024		2.425%
6	First Quarter	2025	2.300% (b)
7	Second Quarter	2025	2.300% (b)
8	Third Quarter	2025	2.300% (b)
9	Fourth Quarter	2025	2.300% (b)
10	Annual Average for the Period Ending 12/31/2025		2.300%

Source:

- (a) Blue Chip Economic Indicators Volume 48, No. 8, August 11, 2023, Page 5, Forecasted Future Periods
- (b) 2025 not available in Blue Chip Report. Used Prior Quarter, Q4-2024.

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended December 31, 2023, the Company experienced an average uncollectible accounts factor of 0.44006% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 560,204,284	\$ 564,362,652	\$ 597,243,915	\$ 595,190,013
2	Annualized Uncollectible Account based on Experience Factor @	0.44006%	2,483,511	2,628,207	2,619,169
3	Arrearage Forgiveness		583,380	1,238,393	2,063,988
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023		1,837,023		
6	Less: Present Rates 12/31/2023			3,066,891	
7	Less: Present Rates 12/31/2024				3,866,600
8	Increase/(Decrease)		<u>\$ 1,229,868</u>	<u>\$ 799,709</u>	<u>\$ 816,557</u>
9	Pro Forma Adjustment:				
10	6707		\$ 1,229,868	\$ 799,709	\$ 816,557

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE
NOTES TO STATEMENT OF INCOME
OPERATING EXPENSES
DERIVATION OF UNCOLLECTIBLE ACCOUNTS
BASED ON THREE YEARS OF HISTORY

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	THREE YEAR AVERAGE
		12/31/2021 AMOUNT	12/31/2022 AMOUNT	12/31/2023 AMOUNT	
1	Net Write-Offs	\$ 2,519,463	\$ 2,606,997	\$ 1,837,023	
2	Sales to General Customers	\$ 492,110,720	\$ 542,811,406	\$ 560,204,284	
3	Factor	0.0051197	0.0048028	0.0032792	0.0044006

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADDITIONAL COST OF SERVING CUSTOMERS

The Company computes the additional cost of providing service to customers connected during the three years ending December 31, 2025, exclusive of acquisitions.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2025 AMOUNT
1	Estimated Additional Revenue from New Customers		
2	connected during the three years ended December 31, 2025	Schedule B-5	\$ 2,538,435
3	Operating Ratio		5.84%
4	Cost of Providing Service to New Customers		\$ 148,303
5	The operating ratio specifically related to the adjusted cost of serving new customers		
6	was computed as follows:		
7	Purchased Power Expense		\$ 11,020,010
8	Chemical Expense		\$ 16,128,658
9	Bill Processing & Postage Expense		\$ 2,370,529
10	Purchased Water Expense		\$ 5,320,977
11	Total		\$ 34,840,174
12	Total Water Sales at Present Rates	Schedule B-1	\$ 596,344,820
13	Operating Ratio		5.84%
14	Pro Forma Adjustment:		
15	6161		\$ 46,908
16	6183		\$ 68,654
17	6367		\$ 10,091
18	6101		\$ 22,650
19	Total		\$ 148,303

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of water customers served to total water and wastewater customers. The Company proposes to normalize this cost over a twenty-four month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants & Regulatory Support		400,000		
4	Rate of Return		95,000		
5	Notices and Postage		450,000		
6	Miscellaneous		65,000		
7	Total	\$	2,610,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	88.67%	\$ 2,314,287	\$ 1,157,144	
10	Wastewater	11.33%	\$ 295,713	\$ 147,857	
11	Water - Current Exhibit	88.08%	\$ 2,298,922	\$ 1,149,461	
12	Normalization Period		24 Months		
13			PRESENT RATES	PRESENT RATES	
14			12/31/2024	12/31/2025	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 24 Month Normalized Basis	\$	315,844	\$ 1,149,461	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 12/31/2023		315,844		
19	Less: Present Rates 12/31/2024			315,844	
20	Increase/(Decrease)	\$	-	\$ 833,617	
21	Pro Forma Adjustment:				
22	6668		-	\$ 833,617	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	<u>Non-Union Payroll</u>				
2	Gross Payroll		\$ 19,742,612	\$ 21,174,682	
3	Capital Payroll		6,252,485	6,706,022	
4	Non-Operating Payroll		232,963	249,861	
5	Expense Payroll	11,451,231	13,257,164	14,218,799	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 1,805,933	\$ 961,635	
7	<u>Union Payroll</u>				
8	Gross Payroll		\$ 34,026,087	\$ 35,246,945	
9	Capital Payroll		10,776,062	11,162,707	
10	Non-Operating Payroll		401,508	415,914	
11	Expense Payroll	19,736,019	22,848,518	23,668,323	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 3,112,498	\$ 819,806	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 4,918,432</u>	<u>\$ 1,781,441</u>	
14	Pro Forma Adjustment:				
15	6011		\$ 109,945	\$ 39,822	
16	6012		\$ 16,527	\$ 5,986	
17	6013		\$ 1,209,372	\$ 438,031	
18	6014		\$ 6,827	\$ 2,473	
19	6015		\$ 786,809	\$ 284,980	
20	6016		\$ 173,548	\$ 62,859	
21	6017		\$ 479,240	\$ 173,579	
22	6018		\$ 1,885,642	\$ 682,974	
23	6038		\$ 250,521	\$ 90,738	
24	65052		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		12/31/2023 AMOUNT		12/31/2024 AMOUNT		12/31/2025 AMOUNT	
1	General Liability	4,384,344	\$	4,282,139	\$	4,710,353	
2	Workers Compensation	902,313		886,663		975,329	
3	Vehicle	134,646		139,692		153,661	
4	Other (Exec Risk, Property, Surety Bond)	1,983,524		2,585,309		2,843,840	
5		7,404,826		7,893,804		8,683,184	
6	Capitalized portion not charged to operating expense	31.67%		(2,345,108)		(2,499,968)	(2,749,964)
7	Property Damages	466,050		379,841		379,841	
8	Subtotal Insurance	\$ 5,525,768	\$	5,773,677	\$	6,313,061	‡
9	Less: Amount Charged to Operating Expense						
10	During the Twelve Months Ended 12/31/2023	5,554,774					
11	Less: Present Rates 12/31/2023			5,525,768			
12	Less: Present Rates 12/31/2024					5,773,677	
13	Increase/(Decrease)	\$ (29,006)	\$	247,909	\$	539,384	
14	Pro Forma Adjustment:						
15	6578	\$ (17,174)	\$	134,483	\$	292,599	
16	6588	\$ (3,534)	\$	27,846	\$	60,586	
17	6568	\$ (527)	\$	4,387	\$	9,545	
18	6598	\$ (7,770)	\$	81,193	\$	176,654	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Management Fees Labor & Benefits	\$ 19,314,615	\$ 19,314,615	\$ 19,942,340	‡
2	Payroll & Benefit Increase		627,725	648,126	‡
3	Management Fees All Other	6,130,168	6,130,168	6,130,168	
4	Total Expense Claim	\$ 25,444,783	\$ 26,072,508	\$ 26,720,634	
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	25,421,761			
7	Less: Present Rates 12/31/2023		25,444,783		
8	Less: Present Rates 12/31/2024			26,072,508	
9	Increase/(Decrease)	\$ 23,022	\$ 627,725	\$ 648,126	
10	Pro Forma Adjustment:				
11	6349	\$ 23,022	\$ 627,725	\$ 648,126	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Additions:			
2	IDA Reimbursement	\$ 2,083,153		
3	GAC Changeout		\$ 619,400	
4	ROW Clearing		\$ 480,000	
5	Residual Hauling		\$ 105,000	
6	OM OS Other		\$ 225,000	
7	Amortization of COVID Reg Asset over 2 Year Period		\$ 2,511,175	
8	Deductions:			
9	Fines	\$ (44,714)		
10	Increase/(Decrease)	<u>\$ 2,038,439</u>	<u>\$ -</u>	<u>\$ 3,940,575</u>
11	Pro Forma Adjustment:			
12	6368	\$ 2,083,153	\$ 225,000	
13	6363		\$ 619,400	
14	6368		\$ 480,000	
15	6608		\$ 105,000	
16	6678		\$ 2,511,175	
17	6758	\$ (44,714)		

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INCREASE

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth.
 These amounts are eliminated from the eligible Operating Expenses subject to increase on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Leases	613,518 \$	613,518 \$	613,518	‡
2	Total Specific Expenses Not Subject to Increase	<u>\$ 613,518</u>	<u>\$ 613,518</u>	<u>\$ 613,518</u>	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AUDIT FEE EXPENSE

The Company incurs audit fees annually from its third party auditor.
 The Company has based its audit fee expense claim on the actual
 fee schedule and projected fee schedule provided by its third party auditor.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT		PRESENT RATES 12/31/2024 AMOUNT		PRESENT RATES 12/31/2025 AMOUNT	
1	Audit Fees Expense Claim	\$	873,377	\$	858,690	\$	865,376	
			873,377		858,690		865,376	
2	Capitalized portion not charged to operating expense	31.67%	(276,598)		(271,947)		(274,065)	
3	Subtotal Audit Fees	\$	596,778	\$	586,743	\$	591,312	‡
4	Less: Amount Charged to Operating Expense							
5	During the Twelve Months Ended 12/31/2023		776,660					
6	Less: Present Rates 12/31/2023				596,778			
7	Less: Present Rates 12/31/2024						586,743	
8	Increase/(Decrease)	\$	(179,881)	\$	(10,035)	\$	4,569	
9	Pro Forma Adjustment:							
10	6328	\$	(179,881)	\$	(10,035)	\$	4,569	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADJUSTMENT TO AMORTIZATION OF ACQUISITION ADJUSTMENTS

The Company is making an adjustment to remove the acquisition adjustments that will be fully amortized before the end of the full-projected future test year.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	N.U.I.	\$ 61,077	\$ 35,628	\$ -
2	White Rock	\$ 11,378	\$ 6,637	\$ -
3	Schickshinny Lake	\$ (14,658)	\$ (9,772)	\$ -
4	Ariana	\$ (408)	\$ (272)	\$ -
5	Jefferson Heights	\$ (3,444)	\$ (2,296)	\$ -
6	Maple Crest	\$ (278)	\$ (185)	\$ -
7	DLWB	\$ (7,376)	\$ (4,918)	\$ -
8	Bristol Township Water	\$ (22,493)	\$ (11,247)	\$ -
9		<u>\$ 23,797</u>	<u>\$ 13,576</u>	<u>\$ -</u>
10	Less: Amount Charged to Operating Expense			
11	During the Twelve Months Ended 12/31/2023	\$ 23,797		
12	Less: Present Rates 12/31/2023		\$ 23,797	
13	Less: Present Rates 12/31/2024			\$ 13,576
14	Increase/(Decrease)	<u>\$ -</u>	<u>\$ (10,221)</u>	<u>\$ (13,576)</u>
15	Pro Forma Adjustment:			
16	4060	-	(10,221)	(13,576)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	ORIGINAL ACQUISITION ADJUSTMENT	DATE OF OWNERSHIP	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
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AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 7,727,099	\$ 7,743,161	\$ 10,556,253	
2	Claimed Purchased Power Expense - Gas	446,318	425,539	463,757	
3		<u>\$ 8,173,417</u>	<u>\$ 8,168,700</u>	<u>\$ 11,020,010</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023	8,118,202			
6	Less: Present Rates 12/31/2023		8,173,417		
7	Less: Present Rates 12/31/2024			8,168,700	
8	Increase/(Decrease)	<u>\$ 55,216</u>	<u>\$ (4,717)</u>	<u>\$ 2,851,309</u>	
9	Pro Forma Adjustment:				
10	6151	\$ 43,316	\$ (3,700)	\$ 2,236,790	
11	6153	\$ 744	\$ (64)	\$ 38,414	
12	6155	\$ 7,527	\$ (643)	\$ 388,700	
13	6158	\$ 1,577	\$ (135)	\$ 81,434	
14	6161	\$ 1,137	\$ (97)	\$ 58,696	
15	6163	\$ 408	\$ (35)	\$ 21,065	
16	6165	\$ 37	\$ (3)	\$ 1,915	
17	6167	\$ -	\$ -	\$ -	
18	6168	\$ 470	\$ (40)	\$ 24,296	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES	FUTURE KW HOURS	PRESENT RATES	FULLY PROJECTED	PRESENT RATES
				12/31/2023 AMOUNT		12/31/2024 AMOUNT	FUTURE KW HOURS	12/31/2025 AMOUNT
1	PECO	Southeastern Pennsylvania	102,850,603	\$ 5,914,350	102,850,603	\$ 5,914,350	102,850,603	\$ 8,121,574
2	PP&L	Southeastern Pennsylvania	289,303	\$ 20,982	289,303	\$ 20,982	289,303	\$ 28,632
3	MetEd	Southeastern Pennsylvania	1,585,441	\$ 144,748	1,585,441	\$ 147,601	1,585,441	\$ 180,737
4	PP&L	Roaring Creek	4,506,987	\$ 270,084	4,506,987	\$ 270,084	4,506,987	\$ 389,249
5	MetEd	Roaring Creek	143,062	\$ 13,814	143,062	\$ 14,071	143,062	\$ 17,061
6	Adams Co-op	Roaring Creek	89,664	\$ 10,836	89,664	\$ 10,890	89,664	\$ 11,195
7	PenElec	Susquehanna	172,615	\$ 15,033	172,615	\$ 15,246	172,615	\$ 19,494
8	TriCounty REC	Susquehanna	8,539	\$ 1,657	8,539	\$ 1,666	8,539	\$ 1,712
9	PenElec	Shenango	1,642,577	\$ 147,813	1,642,577	\$ 149,834	1,642,577	\$ 190,257
10	Penn Power	Shenango	8,694,210	\$ 536,540	8,694,210	\$ 540,626	8,694,210	\$ 742,071
11	United Electric Co-op	Shenango	47,187	\$ 8,568	47,187	\$ 8,610	47,187	\$ 8,851
12	West Penn Power	Shenango	113,369	\$ 9,455	113,369	\$ 9,500	113,369	\$ 12,152
13	PP&L	White Haven	6,377,036	\$ 493,360	6,377,036	\$ 493,360	6,377,036	\$ 661,969
14	UGI	White Haven	736,458	\$ 123,750	736,458	\$ 124,369	736,458	\$ 127,851
15	Claverack	White Haven	35,274	\$ 5,227	35,274	\$ 5,253	35,274	\$ 5,400
16	PenElec	White Haven	659,837	\$ 55,803	659,837	\$ 56,615	659,837	\$ 72,853
17	MetEd	White Haven	243,502	\$ 19,666	243,502	\$ 20,105	243,502	\$ 25,194
18	PJM Demand Response (CPower)	Southeastern Pennsylvania		\$ (14,809)		\$ (20,000)		\$ (20,000)
19	Constellation Energy Peak Response Rebate PECO	Southeastern Pennsylvania		\$ (29,164)		\$ (22,000)		\$ (22,000)
20	Constellation Energy Peak Response Rebate PPL	Roaring Creek		\$ (12,454)		\$ (10,000)		\$ (10,000)
21	Constellation Energy Peak Response Rebate Penn Power	Shenango		\$ (8,160)		\$ (8,000)		\$ (8,000)
22	Solar Generated Power	Pickering	1,887,163		1,796,389		1,787,407	
23	Solar Generated Power	Ingrams	769,200		789,774		785,825	
24				\$ 7,727,099		\$ 7,743,161		\$ 10,556,253

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES		FUTURE THERMS	PRESENT RATES		FULLY PROJECTED		
				12/31/2023 AMOUNT			12/31/2024 AMOUNT		FUTURE THERMS	PRESENT RATES 12/31/2025 AMOUNT	
1	PECO	Southeastern Pennsylvania	230,027	\$ 223,606		228,566	\$ 231,740		228,566	\$ 257,000	
2	UGI Utilities Inc	Southeastern Pennsylvania	1,597	\$ 2,587		1,882	\$ 3,180		1,882	\$ 3,526	
3	UGI Utilities Inc	Roaring Creek	9,674	\$ 13,051		10,410	\$ 14,648		10,410	\$ 16,245	
4	Columbia Gas of Pennsylvania	Shenango	4,190	\$ 6,086		4,210	\$ 6,378		4,210	\$ 7,074	
5	National Fuel / Marathon Energy	Shenango	69,690	\$ 66,203		64,469	\$ 63,877		64,469	\$ 70,839	
6	UGI Utilities Inc	White Haven	5,188	\$ 9,564		6,116	\$ 11,757		6,116	\$ 13,039	
	Direct Purchases - Fuel Oil, Propane, and										
7	Generator Diesel	All PA	-	\$ 123,053		-	\$ 91,747		-	\$ 93,582	
8	Valley Energy	Susquehanna	1,957	\$ 2,169		1,913	\$ 2,212		1,913	\$ 2,453	
9				\$ 446,318			\$ 425,539			\$ 463,757	

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The company utilizes various chemicals in the water treatment process. The chemical expense claim is based on the total production gallons for the twelve months ended December 31, 2023 multiplied by the normalized chemical treatment cost per million gallons. The cost per million gallons for the historic test year was increased by a normalized average year over year growth rate to arrive at the treatment cost per million gallons for the future and fully projected future test years.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Claimed Chemical Treatment Cost Per Million Gallons	\$ 246.20	\$ 309.74	\$ 389.68
2	Claimed Production Sendout	41,389 MG		
3	Claimed Chemical Expense	\$ 10,189,853	\$ 12,819,854	\$ 16,128,658 ‡
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 12/31/2023	12,621,737		
6	Less: Present Rates 12/31/2023		10,189,853	
7	Less: Present Rates 12/31/2024			12,819,854
8	Increase/(Decrease)	<u>\$ (2,431,884)</u>	<u>\$ 2,630,001</u>	<u>\$ 3,308,804</u>
9	Pro Forma Adjustment:			
10	6183	\$ (2,431,884)	\$ 2,630,001	\$ 3,308,804

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WATER EXPENSE

The Company summarized the actual gallons and expenses from each of its purchased water vendors and projected the Future Test Year and Fully Projected Future Test Year expense claim using historical test year and future test year gallons, adjusted to reflect known changes in gallons purchased and new rates that are scheduled to be in effect during the future test years.

LINE NO.	DESCRIPTION	PRESENT RATES	
		12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Claimed Purchased Water Expense	\$ 6,013,578	\$ 5,320,977 ‡
2	Less: Amount Charged to Operating Expense		
3	During the Twelve Months Ended 12/31/2023	5,295,423	
4	Less: Present Rates 12/31/2024		6,013,578
5	Increase/(Decrease)	<u>\$ 718,155</u>	<u>\$ (692,601)</u>
6	Pro Forma Adjustment:		
7	6101	\$ 718,155	\$ (692,601)

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WATER - DETAIL BY SUPPLIER

LINE NO.	Supplier	Account Name	PRESENT RATES 12/31/2021		PRESENT RATES 12/31/2022		PRESENT RATES 12/31/2023		PRESENT RATES 12/31/2024		PRESENT RATES 12/31/2025	
			GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$
1	Aqua Ohio	Mahoning	48,515,500	\$ 392,218	35,946,900	\$ 304,021	41,159,500	\$ 363,454	41,159,500	\$ 379,806	41,159,500	\$ 396,909
2	Bucks County Water Authority and Sewer	Bensalem & Southampton	3,041,000	\$ 7,907	-	\$ -	-	\$ -	-	\$ -	-	\$ -
3	CANDO	Sand Springs	13,942,000	\$ 48,069	14,370,000	\$ 49,182	19,167,000	\$ 61,654	19,167,000	\$ 61,654	19,167,000	\$ 61,654
4	Chester Water Authority	Birney Highway	39,051,000	\$ 129,354	38,403,000	\$ 132,972	38,811,000	\$ 142,317	38,811,000	\$ 153,903	38,811,000	\$ 160,941
5	Chester Water Authority	Cheyney Rd	55,458,000	\$ 198,732	54,959,000	\$ 205,962	51,970,000	\$ 207,454	44,744,000	\$ 193,886	-	\$ 9,474
6	Chester Water Authority	Eddystone	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
7	Chester Water Authority	Pocopson	-	\$ 4,391	-	\$ 4,501	-	\$ 4,726	-	\$ 5,196	-	\$ 5,542
8	Chester Water Authority	Ridley	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
9	Downingtown Municipal Authority	Rock Raymond	104,135,000	\$ 108,098	117,096,000	\$ 129,627	122,382,200	\$ 934,008	51,735,000	\$ 698,423	-	\$ -
10	Philadelphia Water Department	Knights Rd	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
11	Philadelphia Water Department	Miquon	1,808,664	\$ 11,725	-	\$ 3,657	-	\$ 3,657	-	\$ 3,657	-	\$ 3,657
12	Philadelphia Water Department	Tinicum and Cheltenham	506,400,000	\$ 3,680,591	685,200,000	\$ 3,334,348	464,700,000	\$ 3,461,295	632,000,000	\$ 4,296,378	632,000,000	\$ 4,457,627
13	Phoenixville Water	Schuylkill	1,921,400	\$ 5,764	2,351,000	\$ 7,053	1,750,000	\$ 5,250	1,504,000	\$ 4,512	1,504,000	\$ 4,512
14	Phoenixville Water	Upper Prov. and East Pikeland	46,609,000	\$ 110,418	51,395,000	\$ 119,990	54,185,000	\$ 125,570	49,000,000	\$ 126,200	49,000,000	\$ 126,200
15	Pottstown Water	Farmingham	-	\$ -	-	\$ -	3,597,240	\$ 14,677	21,000,000	\$ 89,964	21,000,000	\$ 94,462
16	Total		820,881,564	\$ 4,697,267	999,720,900	\$ 4,291,312	797,721,940	\$ 5,324,062	899,120,500	\$ 6,013,578	802,641,500	\$ 5,320,977

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

WATER PRODUCTION ADJUSTMENT

The company is claiming an increase to the costs associated with increased production caused by the adjustment to consumption in the future and fully projected future test years.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	The production cost specifically related to the adjusted cost of the change in production			
2	was computed as follows:			
3	Purchased Power Expense	Schedule C-6.1	\$ 8,168,700	\$ 11,020,010
4	Chemical Expense	Schedule C-6.2	\$ 12,819,854	\$ 16,128,658
5			\$ 20,988,554	\$ 27,148,668
6	Estimated Production Gallons (Thousands)		41,389,308	41,389,308
7	Production Cost per 1,000 Gallons		\$ 0.51	\$ 0.66
8	Increased Gallons from Reduced Purchased Water	Schedule C-7.1.i	77,873	96,479
9	Decreased Gallons From Declining Residential Consumption	Schedule B-7	(85,209)	(85,209)
10	Estimated Change in Production Gallons (Thousands)		(7,336)	11,270
11	Total Production Cost Increase / (Decrease)		\$ (3,720)	\$ 7,392
12	Pro Forma Adjustment:			
13	6153		\$ (1,448)	\$ 3,001
14	6183		\$ (2,272)	\$ 4,392

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

DREDGING EXPENSE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Total Cost of Dredging at Crum Treatment Plant	\$ 1,500,000		
2	Occuring once every 3 Years			
3	Claimed Dredging Expense Normalization	\$ 500,000	\$ 500,000	\$ 500,000 ‡
4	Less: Amount Charged to Operating Expense During the Twelve Months Ended 12/31/2023	-		
5	Less: Present Rates 12/31/2023		500,000	
6	Less: Present Rates 12/31/2024			500,000
7	Increase/(Decrease)	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:			
9	6364	\$ 500,000	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE GROUP INSURANCE

The Company offers group insurance coverage to all full time employees. The following amounts summarize the Company's estimated annualized group insurance expense, less the employee co-pay, and adjusted for the portion not charged to operations. This results from the calculation of group insurance levels projected to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Medical/Prescription/Vision/Dental		\$ 7,497,770	\$ 8,149,076	\$ 8,808,008	
2	Life/ADD/LTD		323,384	428,694	462,726	
3						
4			<u>7,821,155</u>	<u>8,577,770</u>	<u>9,270,734</u>	
5	Capitalized portion not charged to operating expense	31.67%	(2,476,960)	(2,716,580)	(2,936,041)	
6	Sub-Total		<u>\$ 5,344,195</u>	<u>\$ 5,861,190</u>	<u>\$ 6,334,692</u>	‡
7	Less: Amount Charged to Operating Expense					
8	During the Twelve Months Ended 12/31/2023		5,432,574			
9	Less: Present Rates 12/31/2023			5,344,195		
10	Less: Present Rates 12/31/2024				5,861,190	
11	Increase/(Decrease)		<u>\$ (88,379)</u>	<u>\$ 516,995</u>	<u>\$ 473,502</u>	
12	Pro Forma Adjustment:					
13	6048		\$ (88,379)	\$ 516,995	\$ 473,502	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PENSION

The Company's pension expense claim is based on its analysis of ERISA minimum and IRS maximum deductible pension contribution data provided by its outside actuary, Towers Watson.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Aqua Pennsylvania's claim based on range of actuarial results	\$ 6,000,000	\$ 2,000,000	\$ 2,000,000
2	Less: Capitalized Portion	31.67% (1,900,200)	(633,400)	(633,400)
3		\$ 4,099,800	\$ 1,366,600	\$ 1,366,600 ‡
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 12/31/2023	4,167,600		
6	Less: Present Rates 12/31/2023		4,099,800	
7	Less: Present Rates 12/31/2024			1,366,600
8	Increase/(Decrease)	\$ (67,800)	\$ (2,733,200)	\$ -
9	Pro Forma Adjustment:			
10	6048	\$ (67,800)	\$ (2,733,200)	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

POST RETIREMENT BENEFITS

The following adjustment is based on the results of the most recent valuation of post-retirement benefits (SFAS 106) which was performed for AP by Towers Watson. Included in the claim is the amortization of the funding deficit that conforms to the Commission's 1997 Order at Docket No. R-00973952.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	<u>SFAS 106</u>					
2	Annual Expense for Aqua PA Employees		\$ (84,989)	\$ (62,984)	\$ (62,984)	
3	Funding Deficit (1/1/25 - 12/31/26) - 2 Year Amortization	\$ (1,855,803)			(927,902)	
4	Less: Capitalized Portion	31.67%	26,916	19,947	313,813	
5			\$ (58,073)	\$ (43,037)	\$ (677,072)	‡
6	Less: Amount Charged to Operating Expense					
7	During the Twelve Months Ended 12/31/2023		27,147			
8	Less: Present Rates 12/31/2023			(58,073)		
9	Less: Present Rates 12/31/2024				(43,037)	
10	Increase/(Decrease)		\$ (85,220)	\$ 15,036	\$ (634,035)	
11	Pro Forma Adjustment:					
12	6048		\$ (85,220)	\$ 15,036	\$ (634,035)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

401K Expense

The following adjustment is being made to annualize the employer 401k contributions, adjusted for the portion not charged to operating expense, based on the annualized compensation claim at December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Annualized 401k - Company Match	\$ 3,196,868	\$ 4,113,476	\$ 4,364,143	
2		3,196,868	4,113,476	4,364,143	
3	Capitalized portion not charged to operating expense	31.67% (1,012,448)	(1,302,738)	(1,382,124)	
4	Sub-Total	\$ 2,184,420	\$ 2,810,738	\$ 2,982,019	‡
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	2,220,545			
7	Less: Present Rates 12/31/2023		2,184,420		
8	Less: Present Rates 12/31/2024			2,810,738	
9	Increase/(Decrease)	\$ (36,125)	\$ 626,318	\$ 171,281	
10	Pro Forma Adjustment:				
11	6048	\$ (36,125)	\$ 626,318	\$ 171,281	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

REMOVE INTRACOMPANY BENEFITS

The Company charges a portion of employee benefits and other related overheads to Shenandoah and Wastewater through an intracompany transaction which is allocated based on approximately 60% of payroll expense. Refer to the Exhibits 1-B through 1-E, Schedule C-8.1 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Exhibit 1-B Shenandoah Water - Schedule C-8.1	\$ (127,464)	\$ (206,410)	\$ (210,511)	
2	Exhibit 1-C Wastewater Base - Schedule C-8.1	\$ (2,662,384)	\$ (2,016,957)	\$ (2,114,321)	
3	Exhibit 1-D WW LOWER MAKEFIELD - Schedule C-8.1	\$ (153,124)	\$ (94,059)	\$ (96,559)	
4	Exhibit 1-E WW EAST WHITELAND - Schedule C-8.1	\$ (133,220)	\$ (99,247)	\$ (101,900)	
5					
6					
7	Total Intracompany Benefits	\$ (3,076,192)	\$ (2,416,674)	\$ (2,523,291)	‡
8	Less: Amount Charged to Operating Expense				
9	During the Twelve Months Ended 12/31/2023	(1,645,632)			
10	Less: Present Rates 12/31/2023		(3,076,192)		
11	Less: Present Rates 12/31/2024			(2,416,674)	
12	Increase/(Decrease)	\$ (1,430,559)	\$ 659,518	\$ (106,618)	
13	Pro Forma Adjustment:				
14	6048	\$ (1,430,559)	\$ 659,518	\$ (106,618)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

LEGAL EXPENSE

The Company incurs cost for general legal services during the normal course of business to protect and defend the Company's interests in a variety of legal matters. This adjustment normalizes the Company's legal expense claim experienced in the historic test year to levels that are expected to be realized during the first year rates are in effect and more in line with prior experience.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Legal Expense Claim (3 Year Average)	\$ 745,787	\$ 745,787	\$ 745,787 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	815,255		
4	Less: Present Rates 12/31/2023		745,787	
5	Less: Present Rates 12/31/2024			745,787
6	Increase/(Decrease)	<u>\$ (69,468)</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	6338	\$ (69,468)	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE NAWC LOBBYING EXPENSE

This adjustment removes the lobbying expense portion, approximately 11%, of the National Association of Water Companies annual dues for the historic test year.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT
1	Claimed Lobbying Expense	\$ -
2	Less: Amount Charged to Operating Expense	
3	During the Twelve Months Ended 12/31/2023	43,494
4	Increase/(Decrease)	<u>\$ (43,494)</u>
5	Pro Forma Adjustment:	
6	6758	\$ (43,494)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE TWIN LAKES EXPENSES

Beginning January 15, 2021, the Company was appointed receiver for the Twin Lakes Water System at Docket No. P-2020-3020914. The following adjustment removes the expenses incurred from operating the Twin Lakes Water System which were recorded above the line during the test year. Refer to Schedule B-10 of this exhibit for the removal of Twin Lakes revenues.

LINE NO.	DESCRIPTION	PRESENT RATES	
		12/31/2023	AMOUNT
1	Claimed Twin Lakes Water Expenses	\$	-
2	Less: Amount Charged to Operating Expense		
3	During the Twelve Months Ended 12/31/2023		375,029
4	Increase/(Decrease)	\$	<u>(375,029)</u>
Pro Forma Adjustment:			
5	6011		(10,344)
6	6014		(4)
7	6015		(1,446)
8	6016		(27)
9	6017		(2,153)
10	6038		(1,039)
11	6041		(2,545)
12	6044		(2)
13	6045		(338)
14	6046		(5)
15	6047		(343)
16	6151		(5,975)
17	6365		(1,757)
18	6501		(572)
19	6504		(0)
20	6505		(90)
21	6506		(2)
22	6507		(91)
23	6707		(8,473)
24	6758		(339,825)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE VENANGO EXPENSES

Beginning August 12, 2023, the Company was appointed receiver for the Venango Water Company at Docket No. M-2023-3042180. The following adjustment removes the expenses incurred from operating the Venango Water System which were recorded above the line during the test year. Refer to Schedule B-10 of this exhibit for the removal of Venango revenues.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT
1	Claimed Venango Water Expenses	\$ -
2	Less: Amount Charged to Operating Expense	
3	During the Twelve Months Ended 12/31/2023	136
4	Increase/(Decrease)	<u>\$ (136)</u>
5	Pro Forma Adjustment: 6707	(136)

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 133,673,553	\$ 138,418,607	\$ 142,262,956
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 12/31/2023	116,808,845		
4	Less: Present Rates 12/31/2023		133,673,553	
5	Less: Present Rates 12/31/2024			138,418,607
6	Less: Present Rates 12/31/2024			
7	Increase/(Decrease)	<u>\$ 16,864,708</u>	<u>\$ 4,745,054</u>	<u>\$ 3,844,349</u>
8	Pro Forma Adjustment:			
9		\$ 16,864,708	\$ 4,745,054	\$ 3,844,349

AQUA PENNSYLVANIA, INC. - WATER BASE
 NOTES TO STATEMENT OF INCOME
 SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 11,263,310						
2	Present Rates at 12/31/23				\$ 12,387,181				
3	Present Rates at 12/31/24						\$ 12,848,934		
4	Present Rates at 12/31/25								\$ 12,985,047
5	General Assessment Fees By The Pennsylvania Public Utility Commission	165,057		142,246		(8,883)		380,287	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	197,782		67,313		(4,203)		179,958	
7	Public Utility Realty Tax	326,773		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Payroll Taxes	434,260		252,193		149,200			
10	Pro Forma Adjustment		<u>\$ 1,123,871</u>		<u>\$ 461,753</u>		<u>\$ 136,114</u>		<u>\$ 560,245</u>
11	Pro Forma Present Rates at December 31, 2023		<u><u>\$ 12,387,181</u></u>						
12	Pro Forma Present Rates at December 31, 2024				<u><u>\$ 12,848,934</u></u>				
13	Pro Forma Present Rates at December 31, 2025						<u><u>\$ 12,985,047</u></u>		
14	Pro Forma Proposed Rates at December 31, 2025								<u><u>\$ 13,545,292</u></u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 565,508,317	\$ 598,398,721	\$ 596,344,820	\$ 684,275,408
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004324859316	2,445,744	2,587,990	2,579,107	2,959,395
4	Total General Assessment Fees	\$ 2,445,744	\$ 2,587,990	\$ 2,579,107	\$ 2,959,395
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 12/31/2023	2,280,687			
7	Less: Present Rates 12/31/2023		2,445,744		
8	Less: Present Rates 12/31/2024			2,587,990	
9	Less: Present Rates 12/31/2025				2,579,107
10	Increase/(Decrease)	\$ 165,057	\$ 142,246	\$ (8,883)	\$ 380,287
11	Pro Forma Adjustment:				
12	4081	\$ 165,057	\$ 142,246	\$ (8,883)	\$ 380,287

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 565,508,317	\$ 598,398,721	\$ 596,344,820	\$ 684,275,408
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001742389526	985,336	1,042,644	1,039,065	1,192,274
4	Small Business Advocate Fee At 0.000303478942	171,620	181,601	180,978	207,663
5	Damage Prevention Fee At 0.000000719937	407	431	429	493
6	Total General Assessment Fees	\$ 1,157,363	\$ 1,224,676	\$ 1,220,472	\$ 1,400,430
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 12/31/2023	959,581			
9	Less: Present Rates 12/31/2023		1,157,363		
10	Less: Present Rates 12/31/2024			1,224,676	
11	Less: Present Rates 12/31/2025				1,220,472
12	Increase/(Decrease)	\$ 197,782	\$ 67,313	\$ (4,203)	\$ 179,958
13	Pro Forma Adjustment:				
14	4081	\$ 197,782	\$ 67,313	\$ (4,203)	\$ 179,958

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

PURTA for the future test year and fully projected future test year are based on the year 2023 estimated tax liability.
 This is the latest statement that the Company has received from the Commonwealth of Pennsylvania.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	PURTA Liability	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	4,373,227		
4	Less: Present Rates 12/31/2023		4,700,000	
5	Less: Present Rates 12/31/2024			4,700,000
6	Increase/(Decrease)	<u>\$ 326,773</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ 326,773	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Property Tax Expense	\$ 1,162,341	\$ 1,162,341	\$ 1,162,341
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	1,162,341		
4	Less: Present Rates 12/31/2023		1,162,341	
5	Less: Present Rates 12/31/2024			1,162,341
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made to annualize payroll tax expense based on the annualized compensation claim made at December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	FICA OASDI	\$ 3,315,637	\$ 3,621,835	\$ 3,794,701
2	FICA Medicare	789,942	864,426	906,659
3	FICA Total	4,105,579	4,486,261	4,701,359
4	FUTA	29,033	26,337	26,872
5	SUTA	141,304	132,399	135,117
6	Annualized Payroll Taxes	4,275,915	4,644,996	4,863,348
7	Capitalized portion not charged to operating expense	31.67% (1,354,182)	(1,471,070)	(1,540,222)
8	Sub-Total	\$ 2,921,733	\$ 3,173,926	\$ 3,323,126
9	Less: Amount Charged to Taxes Other Than Income			
10	During the Twelve Months Ended 12/31/2023	2,487,473		
11	Less: Present Rates 12/31/2023		2,921,733	
12	Less: Present Rates 12/31/2024			3,173,926
13	Increase/(Decrease)	\$ 434,260	\$ 252,193	\$ 149,200
14	Pro Forma Adjustment:			
15	40812	\$ 434,260	\$ 252,193	\$ 149,200

AQUA PENNSYLVANIA, INC. - WATER BASE

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 12/31/23			PRESENT RATES @ 12/31/24			PRESENT RATES @ 12/31/25		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 2,218,808,602	48.52%	4.26%	\$ 2,204,911,964	45.31%	4.24%	\$ 2,312,128,262	46.05%	4.32%
4 Common Equity		\$ 2,354,604,313	51.48%	10.95%	\$ 2,661,801,067	54.69%	10.95%	\$ 2,708,369,391	53.95%	10.95%
5		<u>\$ 4,573,412,915</u>	<u>100.00%</u>	<u>7.70%</u>	<u>\$ 4,866,713,031</u>	<u>100.00%</u>	<u>7.91%</u>	<u>\$ 5,020,497,653</u>	<u>100.00%</u>	<u>7.90%</u>
6			PRESENT RATES			PRESENT RATES			PRESENT RATES	
7 Calculation of Interest:			12/31/23			12/31/24			12/31/25	
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$ 3,948,804,824		Schedule G-1 Col 4, Row 15	\$ 4,127,048,593		Schedule G-1 Col 5, Row 15	\$ 4,318,247,093	
9 Applicable Percentage			<u>48.52%</u>			<u>45.31%</u>			<u>46.05%</u>	
10 Applicable Portion of Rate Base			\$ 1,915,777,620			\$ 1,869,799,752			\$ 1,988,715,430	
11 Cost Rate			4.26%			4.24%			4.32%	
12 Pro-Forma Long-term Interest Expense			<u>\$ 81,612,127</u>			<u>\$ 79,279,509</u>			<u>\$ 85,912,507</u>	
13 Less: Interest on Long Term Debt Per Books 12/31/23			85,178,589							
14 Less: Interest on Long Term Debt Present Rates at 12/31/23						81,612,127				
15 Less: Interest on Long Term Debt Present Rates at 12/31/24									79,279,509	
16 Long Term Debt Pro Forma Adjustment			<u>\$ (3,566,463)</u>			<u>\$ (2,332,617)</u>			<u>\$ 6,632,997</u>	

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

Since the debt discount and expense is considered in calculating the cost rate of debt used to calculate interest on long-term debt, it should be eliminated.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ 692,396	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	(692,396)	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ (692,396)	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

Other Interest Charges for the year ending December 31, 2023 were principally for funds borrowed through bank loans to finance the Company's capital expenditures. The bank loans outstanding are anticipated to be refinanced with long-term debt prior to the end of the future test year. Therefore, the interest on bank loans is eliminated.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONSTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Interest During Construction Per Books	\$ (6,955,870)	\$ -	\$ -
2	Eliminate Interest During Construction	6,955,870	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 6,955,870	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	YEAR 1	YEAR 1
			12/31/23 AMOUNT	12/31/24 AMOUNT	PRESENT RATES 12/31/25 AMOUNT	PROPOSED RATES 12/31/25 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ 15,349,771	\$ 23,594,198	\$ 18,462,040	\$ 35,269,060
2	Less: Per Book	Schedule A-1	4,753,143			
3	Less: Present Rates at 12/31/23			15,349,771		
4	Less: Present Rates at 12/31/24				23,594,198	
5	Less: Present Rates at 12/31/25					18,462,040
6	Pro Forma Adjustment		<u>\$ 10,596,627</u>	<u>\$ 8,244,427</u>	<u>\$ (5,132,157)</u>	<u>\$ 16,807,019</u>
7	State Income Tax - Current	Schedule F-2	\$ 7,014,990	\$ 5,888,147	\$ 4,319,838	\$ 11,269,812
8	Less: Per Book	Schedule A-1	2,735,986			
9	Less: Present Rates at 12/31/23			7,014,990		
10	Less: Present Rates at 12/31/24				5,888,147	
11	Less: Present Rates at 12/31/25					4,319,838
12	Pro Forma Adjustment		<u>\$ 4,279,004</u>	<u>\$ (1,126,843)</u>	<u>\$ (1,568,309)</u>	<u>\$ 6,949,974</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 713,053	\$ (659,435)	\$ (7,249,658)	\$ (7,249,658)
14	Less: Per Book	Schedule A-1	(2,075,765)			
15	Less: Present Rates at 12/31/23			713,053		
16	Less: Present Rates at 12/31/24				(659,435)	
17	Less: Present Rates at 12/31/25					(7,249,658)
18	Pro Forma Adjustment		<u>\$ 2,788,818</u>	<u>\$ (1,372,488)</u>	<u>\$ (6,590,223)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ (816,893)	\$ 2,445,261	\$ 2,253,761	\$ 2,253,761
20	Less: Per Book	Schedule A-1	17,371,174			
21	Less: Present Rates at 12/31/23			(816,893)		
22	Less: Present Rates at 12/31/24				2,445,261	
23	Less: Present Rates at 12/31/25					2,253,761
24	Pro Forma Adjustment		<u>\$ (18,188,067)</u>	<u>\$ 3,262,154</u>	<u>\$ (191,500)</u>	<u>\$ -</u>
25	Income Tax Credit Amortization	Schedule F-2	\$ (253,412)	\$ (102,140)	\$ (102,140)	\$ (102,140)
26	Less: Per Book	Schedule A-1	(253,412)			
27	Less: Present Rates at 12/31/23			(253,412)		
28	Less: Present Rates at 12/31/24				(102,140)	
29	Less: Present Rates at 12/31/25					(102,140)
30	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ 151,272</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA, INC. - WATER BASE
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES 12/31/25	
		FEDERAL (3)	STATE (4)	FEDERAL (5)	STATE (6)	FEDERAL (7)	STATE (8)	FEDERAL (9)	STATE (10)
1	Utility Operating Income Before Tax	\$ 298,178,580	\$ 298,178,580	\$ 316,205,720	\$ 316,205,720	\$ 295,453,658	\$ 295,453,658	\$ 382,437,058	\$ 382,437,058
2	Interest Expense	(81,612,127)	(81,612,127)	(79,279,509)	(79,279,509)	(85,912,507)	(85,912,507)	(85,912,507)	(85,912,507)
3	State Income Tax	(7,014,990)		(5,888,147)		(4,319,838)		(11,269,812)	
4	Tax Repair Deduction	(180,662,792)	(180,662,792)	(158,600,000)	(158,600,000)	(158,600,000)	(158,600,000)	(158,600,000)	(158,600,000)
5	Book Depreciation	133,673,553	133,673,553	138,418,607	138,418,607	142,262,956	142,262,956	142,262,956	142,262,956
6	Tax Depreciation	(86,642,786)	(88,720,887)	(88,360,355)	(91,508,095)	(86,505,415)	(89,240,151)	(86,505,415)	(89,240,151)
7	COR & Other Basis Differences, net of book	(2,825,291)	(2,825,291)	(10,142,994)	(10,142,994)	(14,464,377)	(14,464,377)	(14,464,377)	(14,464,377)
8	Taxable Income	\$ 73,094,147	\$ 78,031,036	\$ 112,353,321	\$ 115,093,729	\$ 87,914,478	\$ 89,499,580	\$ 167,947,904	\$ 176,482,980
9	Income Tax Rate	21.00%	8.99%	21.00%	8.49%	21.00%	7.99%	21.00%	7.99%
10	Pro Forma Income Tax : Current	15,349,771	7,014,990	23,594,198	9,771,458	18,462,040	7,151,016	35,269,060	14,100,990
11	Other - NOL	-	-	-	(3,883,310)	-	(2,831,178)	-	(2,831,178)
12	Total - Current Income Tax	\$ 15,349,771	\$ 7,014,990	\$ 23,594,198	\$ 5,888,147	\$ 18,462,040	\$ 4,319,838	\$ 35,269,060	\$ 11,269,812
13	Normalized Book Depreciation	(71,506,714)	(3,059,152)	(84,968,590)	(222,073)	(88,209,879)	(214,147)	(88,209,879)	(214,147)
14	Normalized Tax Depreciation	86,641,579	477,089	88,359,148	414,851	86,504,208	485,534	86,504,208	485,534
15	Normalized Basis Differences	2,825,291	-	10,142,994	-	14,464,377	-	14,464,377	-
16	Income Tax Rate	21.00%	7.10%	21.00%	6.71%	21.00%	6.31%	21.00%	6.31%
17	Deferred Income Tax - Tax/Book Depreciation	3,771,633	(183,381)	2,842,046	12,930	2,679,328	17,130	2,679,328	17,130
18	Deferred Income Tax - Federal NOL/PA NOL (Historical only)	-	-	-	3,067,815	-	2,236,631	-	2,236,631
19	Flowback of Catch Up Adjustment	(845,134)	(633,512)	(845,134)	(635,484)	-	-	-	-
20	Flowback of TCJA 2017 (ARAM) - Protected	(2,456,195)	-	(2,899,096)	-	(2,997,502)	-	(2,997,502)	-
21	Flowback of TCJA 2017 - 10 Years	242,749	-	242,749	-	242,749	-	242,749	-
22	Flowback of Tax Repairs Historical UTP	-	-	-	-	(2,436,764)	-	(2,436,764)	-
23	Flowback of Tax Repairs Collar	-	-	-	-	(4,737,469)	-	(4,737,469)	-
24	Total Flow Through	(3,058,579)	(633,512)	(3,501,481)	(635,484)	(9,928,987)	-	(9,928,987)	-
25	Total - Deferred Income Tax	\$ 713,053	\$ (816,893)	\$ (659,435)	\$ 2,445,261	\$ (7,249,658)	\$ 2,253,761	\$ (7,249,658)	\$ 2,253,761
26	Amortization of Income Tax Credit	(253,412)		(102,140)		(102,140)		(102,140)	
27	Total - Income Tax	\$ 15,809,412	\$ 6,198,097	\$ 22,832,622	\$ 8,333,408	\$ 11,110,242	\$ 6,573,599	\$ 27,917,261	\$ 13,523,573

AQUA PENNSYLVANIA, INC. - WATER BASE

RATE BASE AS OF DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST			
		12/31/23	12/31/24	12/31/25	
(1)	(2)	(3)	(4)	(5)	
1	Utility Plant in Service	Schedule G-2	\$ 5,713,177,283	\$ 5,992,711,834	\$ 6,283,245,854
2	Utility Plant Acquisition Adjustment	Schedule G-3	3,296,760	2,917,936	2,581,377
3			5,716,474,043	5,995,629,770	6,285,827,230
4	Less: Accumulated Depreciation	Schedule G-2	(1,259,730,162)	(1,357,233,703)	(1,461,389,326)
5	Net Plant in Service		<u>4,456,743,881</u>	<u>4,638,396,067</u>	<u>4,824,437,904</u>
6	Additions:				
7	Materials & Supplies	Schedule G-4	16,367,534	17,396,771	17,396,771
8	Cash Working Capital	Schedule G-5	7,707,000	7,707,000	7,707,000
9			<u>24,074,534</u>	<u>25,103,771</u>	<u>25,103,771</u>
10	Deductions:				
	Contributions in Aid of Construction and				
11	Customer Advances for Construction	Schedule G-6	(204,907,721)	(206,078,931)	(201,180,696)
12	Deferred Income Taxes	Schedule G-7	(327,105,870)	(330,372,314)	(330,113,886)
13	Investment Tax Credit		-	-	-
14			<u>(532,013,591)</u>	<u>(536,451,245)</u>	<u>(531,294,582)</u>
15	Total Rate Base		<u>\$ 3,948,804,824</u>	<u>\$ 4,127,048,593</u>	<u>\$ 4,318,247,093</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Utility Plant in Service	\$ 5,713,177,283	\$ 5,713,177,283	\$ 5,992,711,834
2	Plus: Additions		312,651,283	321,611,171
3	Less: Retirements		<u>(33,116,732)</u>	<u>(31,077,152)</u>
4	Utility Plant in Service	<u>\$ 5,713,177,283</u>	<u>\$ 5,992,711,834</u>	<u>\$ 6,283,245,854</u>
5	Accumulated Depreciation	<u>\$ (1,259,730,162)</u>	<u>\$ (1,357,233,703)</u>	<u>\$ (1,461,389,326)</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

The following adjustment reflects the recognition of the positive Utility Plant Acquisition Adjustments (UPAA) associated with the acquisition of various water utility assets pursuant to the terms of the Commission-approved settlement of the Company's rate cases at Docket Nos. R-00038805, R-00051030, R-00072711, R-2009-2132019, and R-2018-3003558.

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		PRESENT RATES		PRESENT RATES	
						12/31/2023 BALANCE	FTY AMORTIZATIONS	12/31/2024 BALANCE	FPFTY AMORTIZATIONS	12/31/2025 BALANCE	
1	N.U.I.	R-00038805	\$ 1,221,535	6/26/2002	8/04 - 7/24	\$ 35,628	\$ 35,628	\$ 0	\$ -	\$ 0	
2	White Rock	R-00038805	227,554	11/22/2002	8/04 - 7/24	6,637	6,637	(0)	-	(0)	
3	Marienville	R-00051030	467,205	3/30/2004	7/06 - 6/26	58,402	23,360	35,041	23,360	11,681	
4	Meribah	R-00051030	13,387	3/31/2004	7/06 - 6/26	1,673	669	1,004	669	334	
5	Hex Acres	R-00051030	85,923	4/30/2004	7/06 - 6/26	10,741	4,296	6,445	4,296	2,149	
6	Tambur	R-00051030	36,314	4/30/2004	7/06 - 6/26	4,539	1,816	2,724	1,816	908	
7	Barret Water	R-00051030	34,881	4/30/2004	7/06 - 6/26	4,360	1,744	2,616	1,744	872	
8	Oneida	R-00051030	76,172	6/24/2004	7/06 - 6/26	9,522	3,809	5,713	3,809	1,905	
9	Christian Springs	R-00051030	6,055	8/19/2004	7/06 - 6/26	757	303	454	303	151	
10	Stanton	R-00051030	41,903	2/25/2005	7/06 - 6/26	5,238	2,095	3,143	2,095	1,048	
11	Meadowcrest	R-00051030	101,156	8/18/2005	7/06 - 6/26	12,645	5,058	7,587	5,058	2,529	
12	Garbush	R-00072711	65,216	10/19/2005	8/08 - 7/28	15,217	3,261	11,956	3,261	8,696	
13	C S Water	R-00072711	887,125	1/20/2006	8/08 - 7/28	203,302	44,356	158,946	44,356	114,590	
14	Country Club Gardens	R-00072711	60,900	11/28/2006	8/08 - 7/28	13,956	3,045	10,911	3,045	7,866	
15	Lakeside Acres	R-00072711	108,602	12/19/2007	8/08 - 7/28	24,888	5,430	19,458	5,430	14,027	
16	Honesdale	R-2009-2132019	1,521,927	9/30/2008	7/10 - 6/30	494,626	76,096	418,529	76,096	342,433	
17	Washington Park (1)	R-2009-2132019	(11,493)	3/31/2009	7/10 - 6/30	(3,735)	(575)	(3,160)	(575)	(2,585)	
18	Sleepy Hollow (1)	R-2009-2132019	(99,921)	3/31/2009	7/10 - 6/30	(32,474)	(4,996)	(27,478)	(4,996)	(22,482)	
19	Clarendon	R-2009-2132019	201,107	4/30/2009	7/10 - 6/30	65,361	10,055	55,305	10,055	45,250	
20	Kratzerville	R-2009-2132019	56,599	5/29/2009	7/10 - 6/30	18,395	2,830	15,565	2,830	12,735	
21	Treasure Lake	R-2018-3003558	3,024,801	2/28/2013	4/19 - 3/39	2,306,411	151,240	2,155,171	151,240	2,003,931	
22	Mt Jewett Water	R-2018-3003558	49,459	5/5/2015	4/19 - 3/39	37,712	2,473	35,239	2,473	32,766	
23	Sun Valley Water	R-2018-3003558	3,883	1/29/2018	4/19 - 3/39	2,961	194	2,766	194	2,572	
24	Effect to Rate Base Element		<u>\$ 8,180,291</u>			<u>\$ 3,296,760</u>	<u>\$ 378,824</u>	<u>\$ 2,917,936</u>	<u>\$ 336,559</u>	<u>\$ 2,581,377</u>	

(1) Washington Park and Sleepy Hollow are exceptions to the treatment of negative acquisition adjustments as provided for in Section 1327 of the Public Utility Code because it was stipulated in the order approving their acquisition (Docket No. A-230550F2000) that rate base for rate making purposes would be limited to purchase price. To accomplish that requirement, the negative acquisition adjustment had to be included as a deduction to rate base.

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

The Company's claim for materials and supplies at December 31, 2024 and December 31, 2025 is calculated on the basis of the average monthly balances in the materials and supplies account during the period December 2022 to December 2023.

LINE NO.	MONTH	YEAR	BALANCE
1	December	2022	\$ 19,696,718
2	January	2023	19,374,554
3	February	2023	18,714,106
4	March	2023	18,112,695
5	April	2023	16,948,305
6	May	2023	16,750,637
7	June	2023	15,108,709
8	July	2023	15,851,162
9	August	2023	16,425,305
10	September	2023	17,640,031
11	October	2023	17,657,017
12	November	2023	17,511,251
13	December	2023	16,367,534
14	Total		<u>\$ 226,158,025</u>
15	13 Month Average		\$ 17,396,771
16	Allowance for Materials & Supplies		
17	At 12/31/2024 and 12/31/2025		<u>\$ 17,396,771</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 11,017,000	\$ 11,017,000	\$ 11,017,000
2	Cash Working Capital - Taxes	Schedule G-5.3	5,846,000	5,846,000	5,846,000
3	Cash Working Capital - Interest	Schedule G-5.4	(9,156,000)	(9,156,000)	(9,156,000)
4	Total Cash Working Capital Requirement		\$ 7,707,000	\$ 7,707,000	\$ 7,707,000

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	December	2022	\$ 61,510,177
2	January	2023	52,266,091
3	February	2023	51,701,480
4	March	2023	45,720,027
5	April	2023	54,123,269
6	May	2023	49,340,617
7	June	2023	55,621,757
8	July	2023	55,115,872
9	August	2023	47,868,980
10	September	2023	59,539,177
11	October	2023	50,522,557
12	November	2023	50,710,009
13	December	2023	55,985,866
14	Total		\$ 690,025,877
15	Average Accounts Receivable Balance		\$ 53,078,914
16	Gross Utility Water Revenues recorded During the Twelve Months Ended 12/31/2023		\$ 564,324,528
16	Average Daily Billing		\$ 1,546,095
18	Lag in Receipt of Payment		34.3
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u>51.5</u>

Reference:
 (a) One-half of monthly billing period.

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 23,668,323	5.5	(a)	\$ 130,175,779
2	Non-Union Labor	14,218,799	9.0	(a)	127,969,193
3	Management Fee	27,013,703	15.7	(a)	424,115,142
4	Electric Power	11,062,177	43.3	(a)	478,992,266
5	Water Purchased	5,343,627	41.6	(a)	222,294,875
6	Employee Group Insurance	6,334,692	16.3	(a)	103,255,487
7	Liability Insurance	6,313,061	(46.4)	(a)	(292,926,026)
8	SFI Postage	1,406,166	(5.4)	(a)	(7,593,296)
9	Pension	1,366,600	440.0	(a)	601,304,000
10	SFAS106	(677,072)	45.1	(a)	(30,552,882)
11	All Other Expenses (b)	41,189,218	31.3	(a)	1,289,222,522
12	Total	<u>\$ 137,239,295</u>			<u>\$ 3,046,257,060</u>
13	Average Lag Days in Payment of Expenses		<u>22.2</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>51.5</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>29.3</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 375,998	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 11,016,743	[16] * [18]	
20	USE		<u>\$ 11,017,000</u>	* Rounded to nearest thousandth	

Reference:

(a) Developed in Exhibit 7.

(b) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 2,579,107	(198.5)	(a)	\$ (511,952,829)
2	OCA & SBA - General Assessments	1,220,472	(198.5)	(a)	(242,263,770)
3	Public Utility Realty Tax	4,700,000	(48.3)	(a)	(227,010,000)
4	Local, County, School, & Municipal Tax	1,162,341	(92.9)	(a)	(107,981,517)
5	FICA Taxes - Hourly	2,765,833	5.5	(a)	15,212,079
6	FICA Taxes - Executive & Exempt	1,935,527	9.0	(a)	17,419,742
7	Federal Unemployment Tax	26,872	75.9	(a)	2,038,883
8	PA Unemployment Tax	135,117	75.9	(a)	10,252,013
9	PA State Income Tax	4,319,838	36.5	(a)	157,674,092
10	Federal Income Tax	18,462,040	36.5	(a)	673,864,471
11	Total	<u>\$ 37,307,148</u>			<u>\$ (212,746,837)</u>
12	Average Lag Days in Payment of Taxes		<u>(5.7)</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>51.5</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>57.2</u>	[13] - [12]	
16	WORKING CAPITAL REQUIREMENT				
17	Pro-forma Annual Tax Expense Per Day		\$ 102,211	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 5,846,490	[15] * [17]	
19	USE		<u>\$ 5,846,000</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 85,492,302	90.8	(a)	\$ 7,758,426,421
2	PennVest-Interest	420,204	14.7	(a)	6,180,507
3	Total	<u>\$ 85,912,507</u>			<u>\$ 7,764,606,928</u>
4	Average Lag Days in Payment of Interest		<u>90.4</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>51.5</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(38.9)</u>	[5] - [4]	
8	WORKING CAPITAL REQUIREMENT				
9	Pro-forma Annual Interest Expense Per Day		\$ 235,377		
10	Cash Working Capital Required		\$ (9,156,155)		
11	USE		<u>\$ (9,156,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 204,907,721	\$ 204,907,721	\$ 206,078,931
2	Plus: Contributions		6,100,000	-
3	Less: Amortization		<u>(4,928,790)</u>	<u>(4,898,235)</u>
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (204,907,721)</u>	<u>\$ (206,078,931)</u>	<u>\$ (201,180,696)</u>

AQUA PENNSYLVANIA, INC. - WATER BASE

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ 327,105,870	\$ 327,105,870	\$ 330,372,314
2					
3	Change in Deferred Tax	Schedule F-2		3,266,444	(258,428)
4	Deferred Income Taxes		<u>\$ (327,105,870)</u>	<u>\$ (330,372,314)</u>	<u>\$ (330,113,886)</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

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AQUA PENNSYLVANIA, INC. - SHENANDOAH

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AQUA PENNSYLVANIA, INC. - SHENANDOAH

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AQUA PENNSYLVANIA, INC. - SHENANDOAH

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	PRESENT RATES				PRESENT RATES				PRESENT RATES				PROPOSED RATES	
	PER BOOKS	ADJUSTMENT	12/31/23 AMOUNT	ADJUSTMENT	12/31/24 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	RATES	AMOUNT	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)					
1	Operating Revenues	732,434	\$ 1,096,802	1,829,237	\$ (932)	\$ 1,828,305	\$ (0)	\$ 1,828,304	\$ 2,267,908	\$ 4,096,212				
2	Operating Expenses	808,634	478,140	1,286,774	365,951	1,652,725	125,031	1,777,756	9,980	1,787,736				
3	Depreciation	711	774,425	775,136	(149,307)	625,829	34,405	660,234		660,234				
4	Taxes, other than income :													
5	PUC assessment	-	7,911	7,911	(4)	7,907	(0)	7,907	9,808	17,716				
6	OCA & SBA assessments	-	3,744	3,744	(2)	3,742	(0)	3,742	4,641	8,383				
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-				
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-				
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-				
10	Federal & State payroll tax	12,975	(12,975)	-	-	-	-	-	-	-				
11	Total Taxes, other than income	12,975	(1,320)	11,655	(6)	11,649	(0)	11,649	14,450	26,099				
12	Utility Operating Income Before Tax	(89,886)	(154,442)	(244,328)	(217,570)	(461,898)	(159,436)	(621,334)	2,243,478	1,622,143				
13	Income Taxes:													
14	Federal Tax-Current	-	(54,544)	(54,544)	(88,468)	(143,012)	(33,702)	(176,714)	433,487	256,773				
15	Pa. CNI Tax-Current	-	(25,657)	(25,657)	(37,525)	(63,182)	(9,892)	(73,074)	179,254	106,180				
16	Federal Tax-Deferred	-	(50,148)	(50,148)	47,188	(2,960)	(2,364)	(5,324)	-	(5,324)				
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-				
18	ITC-Current	-	-	-	-	-	-	-	-	-				
19	ITC-Amortized	-	-	-	-	-	-	-	-	-				
20	Total Income Taxes	-	(130,350)	(130,350)	(78,805)	(209,155)	(45,958)	(255,113)	612,741	357,628				
21	Total Operating Revenue Deductions	822,320	1,120,894	1,943,215	137,833	2,081,048	113,478	2,194,526	637,171	2,831,697				
22	Utility Operating Income	(89,886)	(24,092)	(113,978)	(138,765)	(252,743)	(113,478)	(366,222)	1,630,737	1,264,515				
23	Income Deductions:													
24	Interest on Long-Term debt	-	279,866	279,866	16,526	296,392	22,197	318,589		318,589				
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-				
26	Other interest charges	-	-	-	-	-	-	-	-	-				
27	Interest during Construction	(1,080)	1,080	-	-	-	-	-	-	-				
28	Total Income Deductions	(1,080)	280,947	279,866	16,526	296,392	22,197	318,589	-	318,589				
29	Net Income	\$ (88,806)	\$ (305,039)	\$ (393,845)	\$ (155,291)	\$ (549,136)	\$ (135,675)	\$ (684,811)	\$ 1,630,737	\$ 945,926				
30	Preferred Dividend													
31	Net Income-Common	\$ (88,806)	\$ (305,039)	\$ (393,845)	\$ (155,291)	\$ (549,136)	\$ (135,675)	\$ (684,811)	\$ 1,630,737	\$ 945,926				

AQUA PENNSYLVANIA, INC. - SHENANDOAH
 NUMBER OF CUSTOMERS SERVED
 AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 12/31/2022	SERVED AT 12/31/2023	TO BE SERVED AT 12/31/2024	TO BE SERVED AT 12/31/2025	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Metered:							
2	Residential	-	2,675	2,675	2,675	2,675	-	-
3	Commercial	-	214	214	214	214	-	-
4	Industrial	-	4	4	4	4	-	-
5	Public	-	30	30	30	30	-	-
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	-	-	-	-	-	-	-
8	Sales to Water Utilities	-	-	-	-	-	-	-
9	Total Metered Customers	-	2,923	2,923	2,923	2,923	-	-
10	Other:							
11	Unmetered	-	21	21	21	21	-	-
12	Availability Charge	-	-	-	-	-	-	-
13	Public Fire Protection	-	3	3	3	3	-	-
14	Private Fire Protection	-	2	2	2	2	-	-
15	Total Customers	-	2,949	2,949	2,949	2,949	-	-

AQUA PENNSYLVANIA, INC. - SHENANDOAH
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN
AT CURRENT AND PROPOSED RATES DECEMBER 31, 2025

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	16,013,341
2	Recommended Rate of Return	Schedule E-1	X	7.90%
3	Operating Income, Pro Forma Proposed Rates		= \$	1,264,515
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	(366,222)
5	Operating Income Deficit		= \$	1,630,737
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.3907
7	Revenue Deficit		= \$	2,267,908

AQUA PENNSYLVANIA, INC. - SHENANDOAH
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN
EARNED IN THE YEAR ENDED DECEMBER 31, 2023 AND
ANTICIPATED UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2025

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates December 31, 2023	\$ (113,978)	\$ 13,541,347	-0.84%
2	Present Rates December 31, 2024	\$ (252,743)	\$ 15,429,265	-1.64%
3	Present Rates December 31, 2025	\$ (366,222)	\$ 16,013,341	-2.29%
4	Proposed Rates December 31, 2025	\$ 1,264,515	\$ 16,013,341	7.90%

AQUA PENNSYLVANIA, INC. - SHENANDOAH
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.637% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	0.440% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9892
7	State Tax Rate	7.990%
8	State Tax \$\$ =====>	\$ 0.0790
9	State Factor	\$ 0.9102
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1911
12	Combined Income Tax Factor on Gross Revenues	27.02%
13	Net Operating Income Factor	71.90%
14	Gross Revenue Conversion Factor	1.39073

AQUA PENNSYLVANIA, INC. - SHENANDOAH
 STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS (1)	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		REVENUE RATE INCREASE		PROPOSED RATES
		12/31/23 (2)	ADJUSTMENT (3)	AMOUNT (4)	ADJUSTMENT (5)	AMOUNT (6)	ADJUSTMENT (7)	AMOUNT (8)	% (9)	\$ (10)	AMOUNT (11)	
1	Metered Sales:											
2	Residential	\$ 588,775	\$ 868,383	\$ 1,457,158	\$ (7,015)	\$ 1,450,143	\$ (0)	\$ 1,450,143	120.7%	\$ 1,750,720	\$ 3,200,863	
3	Commercial	100,820	112,990	213,811	5,833	219,644	-	219,644	108.1%	237,530	457,173	
4	Industrial	26,436	37,455	63,891	-	63,891	-	63,891	169.4%	108,215	172,106	
5	Public	2,673	54,055	56,728	250	56,978	-	56,978	168.7%	96,127	153,105	
6	Bulk Water	-	-	-	-	-	-	-	0.0%	-	-	
7	Private Fire Protection	-	-	-	-	-	-	-	0.0%	-	-	
8	Sales to Water Utilities	-	-	-	-	-	-	-	0.0%	-	-	
9	Total Metered Sales	718,704	1,072,884	1,791,588	(932)	1,790,656	(0)	1,790,655	122.4%	2,192,591	3,983,246	
10	Other:											
11	Unmetered	-	-	-	-	-	-	-	0.0%	-	-	
12	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-	
13	Public Fire Protection	3,028	5,141	8,170	-	8,170	-	8,170	921.9%	75,317	83,486	
14	Private Fire Protection	4,339	18,757	23,096	-	23,096	-	23,096	0.0%	-	23,096	
15	Total Sales to General Customers	726,071	1,096,782	1,822,854	(932)	1,821,922	(0)	1,821,921	124.5%	2,267,908	4,089,829	
16	Other Water Revenue:											
17	Forfeited Discounts	-	-	-	-	-	-	-	0.0%	-	-	
18	Miscellaneous Service Revenue	6,363	20	6,383	-	6,383	-	6,383	0.0%	-	6,383	
19	Sub-Total	6,363	20	6,383	-	6,383	-	6,383	0.0%	-	6,383	
20	Total Operating Revenue	\$ 732,434	\$ 1,096,802	\$ 1,829,237	\$ (932)	\$ 1,828,305	\$ (0)	\$ 1,828,304	124.0%	\$ 2,267,908	\$ 4,096,212	

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 732,434				
2	Present Rates at 12/31/23					\$ 1,829,237		
3	Present Rates at 12/31/24							\$ 1,828,305
4	Unbilled Revenue Adjustment	Schedule B-3	(113,473)		-		-	
5	Page Held For Future Use	Schedule B-4	-		-		-	
6	Page Held For Future Use	Schedule B-5	-		-		-	
7	Customer Assistance Program	Schedule B-6	216		(12,262)		(0)	
8	Page Held For Future Use	Schedule B-7	-		-		-	
9	Miscellaneous Revenue Adjustments	Schedule B-8	-		-		-	
10	Specific Customer Adjustments	Schedule B-9	-		11,330		-	
11	Annualization Of Acquisition	Schedule B-10	1,210,059		-		-	
				<u>1,096,802</u>		<u>(932)</u>		<u>(0)</u>
12	Pro Forma Adjustment							
13	Pro Forma Present Rates at December 31, 2023			<u>\$ 1,829,237</u>				
14	Pro Forma Present Rates at December 31, 2024					<u>\$ 1,828,305</u>		
15	Pro Forma Present Rates at December 31, 2025							<u>\$ 1,828,304</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT
1	Metered Sales:	
2	Residential	\$ 90,313
3	Commercial	14,638
4	Industrial	3,915
5	Public	4,466
6	Bulk Water	-
7	Private Fire Protection	-
8	Sales to Water Utilities	
9	Total Metered Sales	<u>113,333</u>
10	Other:	
11	Unmetered	
12	Availability Charge	
13	Public Fire Protection	45
14	Private Fire Protection	<u>94</u>
15	Total Sales to General Customers	<u>113,473</u>
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	<u>-</u>
20	Total Operating Revenue	<u>\$ 113,473</u>

Docket No. R-2024-3047822
Exhibit 1-B

Schedule B-4
Witness: N/A

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
-------------	-------------

Docket No. R-2024-3047822
Exhibit 1-B

Schedule B-5
Witness: N/A

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE
NO.

DESCRIPTION

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CUSTOMER ASSISTANCE PROGRAM

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Metered Sales:				
2	Residential	\$ (1,748)	\$ (1,532)	\$ (13,794)	\$ (13,794)
3	Commercial				
4	Industrial				
5	Public				
6	Bulk Water				
7	Private Fire Protection				
8	Sales to Water Utilities				
9	Total Metered Sales	(1,748)	(1,532)	(13,794)	(13,794)
10	Other:				
11	Unmetered				
12	Availability Charge				
13	Public Fire Protection				
14	Private Fire Protection				
15	Total Sales to General Customers	(1,748)	(1,532)	(13,794)	(13,794)
16	Other Water Revenue:				
17	Forfeited Discounts				
18	Miscellaneous Service Revenue				
19	Sub-Total	-	-	-	-
20	Total Operating Revenue	\$ (1,748)	\$ (1,532)	\$ (13,794)	\$ (13,794)

Docket No. R-2024-3047822
Exhibit 1-B

Schedule B-7
Witness: N/A

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	12/31/2023 ADJUSTMENT	PRESENT RATES 12/31/2023 AMOUNT
1	Metered Sales:			
2	Residential		\$ -	\$ -
3	Commercial		-	-
4	Industrial		-	-
5	Public		-	-
6	Bulk Water		-	-
7	Private Fire Protection		-	-
8	Sales to Water Utilities		-	-
9	Total Metered Sales	-	-	-
10	Other:			
11	Unmetered		-	-
12	Availability Charge		-	-
13	Public Fire Protection		-	-
14	Private Fire Protection		-	-
15	Total Sales to General Customers	-	-	-
16	Other Water Revenue:			
17	Forfeited Discounts		-	-
18	Miscellaneous Service Revenue		-	-
19	Sub-Total	-	-	-
20	Total Operating Revenue	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

SPECIFIC CUSTOMER ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2024 ADJUSTMENT
1	Metered Sales:	
2	Residential	(a) \$ 5,247
3	Commercial	(a) 5,833
4	Industrial	
5	Public	(a) 250
6	Bulk Water	
7	Private Fire Protection	
8	Sales to Water Utilities	
9	Total Metered Sales	11,330
10	Other:	
11	Unmetered	
12	Availability Charge	
13	Public Fire Protection	
14	Private Fire Protection	
15	Total Sales to General Customers	11,330
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	-
20	Total Operating Revenue	\$ 11,330

(a) Refer to AP Statement No. 10

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ANNUALIZATION OF ACQUISITION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 ADJUSTMENT
1	Metered Sales:	
2	Residential	\$ 958,480
3	Commercial	127,629
4	Industrial	41,371
5	Public	58,521
6	Bulk Water	
7	Private Fire Protection	
8	Sales to Water Utilities	
9	Total Metered Sales	<u>1,186,001</u>
10	Other:	
11	Unmetered	
12	Availability Charge	
13	Public Fire Protection	5,187
14	Private Fire Protection	18,851
15	Total Sales to General Customers	<u>1,210,039</u>
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	<u>20</u>
19	Sub-Total	<u>20</u>
20	Total Operating Revenue	<u>\$ 1,210,059</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
1		Source of Supply				
2		-Operations-				
3	6151	Purchased Power	9,763	10,401	23,713	30,051
4	6201	Supplies	5,856	5,856	5,998	6,136
5		-Maintenance-				
6	6202	Supplies	6,754	6,754	6,917	7,077
7						
8		Total Source of Supply Expense	\$ 22,373	\$ 23,010	\$ 36,628	\$ 43,263
9						
10		--Treatment--				
11		-Operations-				
12	6013	Labor	150,454	150,454	243,640	248,480
13	6043	Employee Benefits	48,761	48,761	49,944	51,092
14	6153	Purchased Power	3,133	3,338	7,611	9,645
15	6183	Chemicals	30,680	100,232	126,102	158,649
16	6203	Supplies	15,315	20,315	20,807	21,286
17	6353	OS Lab Testing	15,248	15,248	15,618	15,977
18	6363	OS Other	23,650	23,650	24,224	24,781
19	6503	Transportation	14,803	40,942	41,935	42,900
20		-Maintenance-				
21	6204	Supplies	1,532	1,532	1,569	1,605
22	6364	OS Other	216,313	216,313	221,558	226,654
23						
24		Total Treatment Expense	\$ 519,889	\$ 620,785	\$ 753,008	\$ 801,069
25						
26		--Transmission and Distribution--				

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
27		-Operations-				
28	6015	Labor	2,762	2,762	4,472	4,561
29	6045	Employee Benefits	1,281	1,281	1,312	1,343
30	6155	Purchased Power	67,402	71,802	163,707	207,459
31	6205	Supplies	109	109	112	115
32	6365	OS Other	82,895	82,895	84,905	86,858
33	6415	Leases	576	576	576	576
34	6505	Transportation	179	179	183	188
35	6755	Other	242	242	248	254
36		-Maintenance-				
37	6016	Labor	3,301	3,301	5,346	5,452
38	6046	Employee Benefits	300	300	307	314
39	6206	Supplies	644	644	660	675
40	6366	OS Other	12,696	12,696	13,003	13,302
41	6506	Transportation	56	56	57	59
42						
43		Total Transmission and Distribution Expense	\$ 172,443	\$ 176,843	\$ 274,890	\$ 321,155
44						
45		--Customer Accounting--				
46	6017	Labor	12,571	12,571	20,357	20,761
47	6047	Employee Benefits	4,490	4,490	4,599	4,705
48	6207	Supplies	323	323	330	338
49	6507	Transportation	829	829	849	869
50	6707	Bad Debt	3,979	8,022	8,017	8,017
51						
52		Total Customer Accounting Expense	\$ 22,192	\$ 26,234	\$ 34,153	\$ 34,690

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
53						
54		--Administrative and General--				
55	6018	Labor	39,836	39,836	64,508	65,790
56	6038	Labor	3,516	3,516	5,694	5,807
57	6048	Employee Benefits	15,063	72,631	150,248	153,057
58	6158	Purchased Power	122	129	295	374
59	6328	OS Accounting	-	3,981	3,914	3,945
60	6349	Management Fees	-	169,744	174,923	180,210
61	6368	OS Other	8,119	108,119	110,741	113,288
62	6508	Transportation	2,804	2,804	2,872	2,939
63	6568	Insurance	-	670	700	763
64	6578	Insurance	-	21,826	22,723	24,673
65	6588	Insurance	-	4,492	4,678	5,081
66	6598	Insurance	-	9,874	10,416	11,597
67	6758	Other	2,277	2,277	2,332	2,386
68	6668	Amortization of Rate Case	-	-	-	7,668
69						
70		Total Admin & General Expense	\$ 71,737	\$ 439,901	\$ 554,045	\$ 577,579
71						
72		Total Operating Expenses	\$ 808,634	\$ 1,286,774	\$ 1,652,725	\$ 1,777,756

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 12/31/23	ADJUSTMENTS 12/31/23	PRESENT RATES 12/31/23	ADJUSTMENTS 12/31/24	PRESENT RATES 12/31/24	ADJUSTMENTS 12/31/25	PRESENT RATES 12/31/25
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 212,440	\$ -	\$ 212,440	\$ 131,578	\$ 344,017	\$ 6,834	\$ 350,852
2 Employee Benefits	69,896	57,568	127,464	78,947	206,410	4,101	210,511
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	-	-	-	-	-	-	-
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	80,420	5,249	85,670	109,657	195,327	52,201	247,528
7 Chemicals	30,680	69,552	100,232	25,870	126,102	32,547	158,649
8 Supplies	30,532	5,000	35,532	862	36,394	837	37,231
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	-	3,981	3,981	(67)	3,914	30	3,945
11 OS Legal	-	-	-	-	-	-	-
12 OS Lab Testing	15,248	-	15,248	370	15,618	359	15,977
13 OS Other	343,673	100,000	443,673	10,759	454,432	10,452	464,884
14 Management Fees	-	169,744	169,744	5,179	174,923	5,287	180,210
15 Leases	576	-	576	-	576	-	576
16 Transportation	18,671	26,140	44,811	1,087	45,897	1,056	46,953
17 Insurance	-	36,863	36,863	1,654	38,517	3,598	42,115
18 Other	2,519	-	2,519	61	2,580	59	2,639
19 Bad Debt	3,979	4,042	8,022	(4)	8,017	(0)	8,017
20 Amortization of Rate Case	-	-	-	-	-	7,668	7,668
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 808,634		\$ 1,286,774		\$ 1,652,725		\$ 1,777,756
25 Pro Forma Adjustments		\$ 478,140		\$ 365,951		\$ 125,031	
26 Uncollectibles @ Proposed Rates							\$ 9,980
27 Proposed Rates @ 12/31/25							\$ 1,787,736

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 808,634				
2	Present Rates at 12/31/23					\$ 1,286,774		
3	Present Rates at 12/31/24							\$ 1,652,725
4	Present Rates at 12/31/25							
5	General Price Level Adjustment	Schedule C-4.1	-		14,130		13,727	
6	Uncollectible Accounts	Schedule C-4.2	4,042		(4)		(0)	
7	Additional Cost Of Serving Customers	Schedule C-4.3	-		-		-	
8	Rate Case Expense	Schedule C-4.4	-		-		7,668	
9	Payroll	Schedule C-4.5	-		131,578		6,834	
10	Insurance Expense	Schedule C-4.6	36,863		1,654		3,598	
11	Management Service & Sundry	Schedule C-4.7	169,744		4,188		4,324	
12	Page Held For Future Use	Schedule C-4.8	-		-		-	
13	Miscellaneous Expense Adjustments	Schedule C-4.9	131,140		-		-	
14	Specific Expenses Not Subject To Increase	Schedule C-4.10	-		-		-	
15	Audit Fee Expense	Schedule C-4.11	3,981		(67)		30	
16	Page Held For Future Use	Schedule C-5.1	-		-		-	
17	Purchased Power Expense	Schedule C-6.1	5,249		109,657		52,201	
18	Chemicals	Schedule C-6.2	69,552		25,870		32,547	
19	Purchased Water Expense	Schedule C-7.1	-		-		-	
20	Water Production Adjustment	Schedule C-7.2	-		-		-	
21	Employee Benefits	Schedule C-8.1	57,568		78,947		4,101	
22	Page Held For Future Use	Schedule C-9.1	-		-		-	
23	Page Held For Future Use	Schedule C-9.2	-		-		-	
24	Page Held For Future Use	Schedule C-10.1	-		-		-	
25	Page Held For Future Use	Schedule C-10.2	-		-		-	
26	Pro Forma Adjustments			\$ 478,140		\$ 365,951		\$ 125,031
27	Pro Forma Present Rates at December 31, 2023			\$ 1,286,774				
28	Pro Forma Present Rates at December 31, 2024					\$ 1,652,725		
29	Pro Forma Present Rates at December 31, 2025							\$ 1,777,756

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES
		12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 12/31/2023	\$ 1,286,774	
3	Present Rates 12/31/2024		\$ 1,652,725
4	<i>Less amounts specifically adjusted in this filing or not otherwise subject to inflation:</i>		
5	Labor	212,440	344,017
6	Employee Benefits	127,464	206,410
7	Purchased Water	-	-
8	Purchased Power	85,670	195,327
9	Chemicals	100,232	126,102
10	Supplies	-	-
11	OS Engineer	-	-
12	OS Accounting	3,981	3,914
13	OS Legal	-	-
14	OS Lab Testing	-	-
15	OS Other	-	-
16	Management Fees	128,849	133,037
17	Leases	576	576
18	Transportation	-	-
19	Insurance	36,863	38,517
20	Other	-	-
21	Bad Debt	8,022	8,017
22	Amortization of Rate Case	-	-
23	Amortization of UPAA	-	-
24	Amortization of Tank Painting	-	-
25	Amortization Other	-	-
26	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 704,096	\$ 1,055,917
27	Total Operating Expenses Subject to Effects of Inflation	\$ 582,678	\$ 596,808
28	Inflation Factor - Schedule C-4.1.i	2.425%	2.300%
29	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 14,130	\$ 13,727

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	First Quarter	2024	2.500% (a)
2	Second Quarter	2024	2.500% (a)
3	Third Quarter	2024	2.400% (a)
4	Fourth Quarter	2024	2.300% (a)
5	Annual Average for the Period Ending 12/31/2024		2.425%
6	First Quarter	2025	2.300% (b)
7	Second Quarter	2025	2.300% (b)
8	Third Quarter	2025	2.300% (b)
9	Fourth Quarter	2025	2.300% (b)
10	Annual Average for the Period Ending 12/31/2025		2.300%

Source:

- (a) Blue Chip Economic Indicators Volume 48, No. 8, August 11, 2023, Page 5, Forecasted Future Periods
- (b) 2025 not available in Blue Chip Report. Used Prior Quarter, Q4-2024.

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended December 31, 2023, the Company experienced an average uncollectible accounts factor of 0.44006% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 726,071	\$ 1,822,854	\$ 1,821,922	\$ 1,821,921
2	Annualized Uncollectible Account based on Experience Factor @ 0.44006%		8,022	8,017	8,017 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 12/31/2023		3,979		
5	Less: Present Rates 12/31/2023			8,022	
6	Less: Present Rates 12/31/2024				8,017
7	Increase/(Decrease)		<u>\$ 4,042</u>	<u>\$ (4)</u>	<u>(0)</u>
8	Pro Forma Adjustment:				
9	6707		\$ 4,042	\$ (4)	(0)

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADDITIONAL COST OF SERVING CUSTOMERS

The Company computes the additional cost of providing service to customers connected during the three years ending December 31, 2025, exclusive of acquisitions.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2025 AMOUNT
1	Estimated Additional Revenue from New Customers		
2	connected during the three years ended December 31, 2025	Schedule B-5	\$ -
3	Operating Ratio		22.73%
4	Cost of Providing Service to New Customers		\$ -
5	The operating ratio specifically related to the adjusted cost of serving new customers		
6	was computed as follows:		
7	Purchased Power Expense		\$ 247,528
8	Chemical Expense		\$ 158,649
9	Bill Processing & Postage Expense		9,381
10	Purchased Water Expense		\$ -
11	Total		<u>\$ 415,558</u>
12	Total Water Sales at Present Rates	Schedule B-1	<u>\$ 1,828,304</u>
13	Operating Ratio		22.73%
14	Pro Forma Adjustment:		
15	6161		\$ -
16	6183		\$ -
17	6367		\$ -
18	6101		\$ -
19	Total		<u>\$ -</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of water customers served to total water and wastewater customers. The Company proposes to normalize this cost over a twenty-four month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		400,000		
4	Rate of Return		95,000		
5	Notices and Postage		450,000		
6	Miscellaneous		65,000		
7	Total	\$	2,610,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	88.67%	\$ 2,314,287	\$ 1,157,144	
10	Wastewater	11.33%	\$ 295,713	\$ 147,857	
11	Water - Current Exhibit	0.59%	\$ 15,336	\$ 7,668	
12	Normalization Period		24 Months		
13			PRESENT RATES	PRESENT RATES	
14			12/31/2024	12/31/2025	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 24 Month Normalized Basis	\$	-	\$ 7,668	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 12/31/2023		-		
19	Less: Present Rates 12/31/2024			-	
20	Increase/(Decrease)	\$	-	\$ 7,668	
21	Pro Forma Adjustment:				
22	6668			\$ 7,668	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Non-Union Payroll				
2	Gross Payroll		\$ 144,912	\$ 148,313	
3	Capital Payroll		45,894	46,971	
4	Non-Operating Payroll		1,710	1,750	
5	Expense Payroll	60,090	97,308	99,592	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 37,218	\$ 2,284	
7	Union Payroll				
8	Gross Payroll		\$ 367,400	\$ 374,176	
9	Capital Payroll		116,356	118,502	
10	Non-Operating Payroll		4,335	4,415	
11	Expense Payroll	152,349	246,709	251,259	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 94,360	\$ 4,550	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 131,578</u>	<u>\$ 6,834</u>	
14	Pro Forma Adjustment:				
15	6011		\$ -	\$ -	
16	6012		\$ -	\$ -	
17	6013		\$ 93,186	\$ 4,840	
18	6014		\$ -	\$ -	
19	6015		\$ 1,710	\$ 89	
20	6016		\$ 2,045	\$ 106	
21	6017		\$ 7,786	\$ 404	
22	6018		\$ 24,673	\$ 1,282	
23	6038		\$ 2,178	\$ 113	
24	65052		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES		
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	General Liability	\$ 29,248	\$ 28,566	\$ 31,423
2	Workers Compensation	6,019	5,915	6,506
3	Vehicle	898	932	1,025
4	Other (Exec Risk, Property, Surety Bond)	13,232	17,247	18,971
5		<u>49,398</u>	<u>52,660</u>	<u>57,926</u>
6	Capitalized portion not charged to operating expense	31.67% (15,644)	(16,677)	(18,345)
7	Property Damages	3,109	2,534	2,534
8	Subtotal Insurance	<u>\$ 36,863</u>	<u>\$ 38,517</u>	<u>\$ 42,115</u>
9	Less: Amount Charged to Operating Expense			
10	During the Twelve Months Ended 12/31/2023	-		
11	Less: Present Rates 12/31/2023		36,863	
12	Less: Present Rates 12/31/2024			38,517
13	Increase/(Decrease)	<u>\$ 36,863</u>	<u>\$ 1,654</u>	<u>\$ 3,598</u>
14	Pro Forma Adjustment:			
15	6578	\$ 21,826	\$ 897	\$ 1,952
16	6588	\$ 4,492	\$ 186	\$ 404
17	6568	\$ 670	\$ 29	\$ 64
18	6598	\$ 9,874	\$ 542	\$ 1,178

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Management Fees Labor & Benefits	\$ 128,849	\$ 128,849	\$ 133,037	‡
2	Payroll & Benefit Increase		4,188	4,324	‡
3	Management Fees All Other	40,895	40,895	40,895	
4	Total Expense Claim	\$ 169,744	\$ 173,932	\$ 178,255	
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		169,744		
8	Less: Present Rates 12/31/2024			173,932	
9	Increase/(Decrease)	\$ 169,744	\$ 4,188	\$ 4,324	
10	Pro Forma Adjustment:				
11	6349	\$ 169,744	\$ 4,188	\$ 4,324	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	OM OS Other	\$ 100,000		
2	Supplies	5,000		
3	Transportation	26,140		
4	Increase/(Decrease)	\$ 131,140	\$ -	\$ -
5	Pro Forma Adjustment:			
6	6368	\$ 100,000		
7	6203	\$ 5,000		
8	6503	\$ 26,140		

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INCREASE

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth.
 These amounts are eliminated from the eligible Operating Expenses subject to increase on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Leases	\$ 576	\$ 576	\$ 576 ‡
2	Total Specific Expenses Not Subject to Increase	<u>\$ 576</u>	<u>\$ 576</u>	<u>\$ 576</u>

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AUDIT FEE EXPENSE

The Company incurs audit fees annually from its third party auditor.
 The Company has based its audit fee expense claim on the actual
 fee schedule and projected fee schedule provided by its third party auditor.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT		PRESENT RATES 12/31/2024 AMOUNT		PRESENT RATES 12/31/2025 AMOUNT	
1	Audit Fees Expense Claim	\$	5,826	\$	5,728	\$	5,773	
			5,826		5,728		5,773	
2	Capitalized portion not charged to operating expense	31.67%	(1,845)		(1,814)		(1,828)	
3	Subtotal Audit Fees	\$	3,981	\$	3,914	\$	3,945	‡
4	Less: Amount Charged to Operating Expense							
5	During the Twelve Months Ended 12/31/2023		-					
6	Less: Present Rates 12/31/2023				3,981			
7	Less: Present Rates 12/31/2024						3,914	
8	Increase/(Decrease)	\$	3,981	\$	(67)	\$	30	
9	Pro Forma Adjustment:							
10	6328	\$	3,981	\$	(67)	\$	30	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	ORIGINAL ACQUISITION ADJUSTMENT	DATE OF OWNERSHIP	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
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AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 85,670	\$ 195,327	\$ 247,528	
2	Claimed Purchased Power Expense - Gas	-	-	-	
3		<u>\$ 85,670</u>	<u>\$ 195,327</u>	<u>\$ 247,528</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023	80,420			
6	Less: Present Rates 12/31/2023		85,670		
7	Less: Present Rates 12/31/2024			195,327	
8	Increase/(Decrease)	<u>\$ 5,249</u>	<u>\$ 109,657</u>	<u>\$ 52,201</u>	
9	Pro Forma Adjustment:				
10	6151	\$ 637	\$ 13,313	\$ 6,337	
11	6153	\$ 205	\$ 4,273	\$ 2,034	
12	6155	\$ 4,400	\$ 91,906	\$ 43,751	
13	6158	\$ 8	\$ 166	\$ 79	
14	6161	\$ -	\$ -	\$ -	
15	6163	\$ -	\$ -	\$ -	
16	6165	\$ -	\$ -	\$ -	
17	6167	\$ -	\$ -	\$ -	
18	6168	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 12/31/2023 AMOUNT	FUTURE KW HOURS	PRESENT RATES 12/31/2024 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 12/31/2025 AMOUNT
1	PP&L	Shenandoah	865,937	\$ 85,670	1,974,336	\$ 195,327	1,974,336	\$ 247,528
2				\$ 85,670		\$ 195,327		\$ 247,528

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The company utilizes various chemicals in the water treatment process. The chemical expense claim is based on the total production gallons annualized for the twelve months ended December 31, 2023 multiplied by the normalized chemical treatment cost per million gallons. The cost per million gallons for the historic test year was increased by an average year over year growth rate to arrive at the treatment cost per million gallons for the future and fully projected future test years.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Claimed Chemical Treatment Cost Per Million Gallons	\$ 130.72	\$ 164.46	\$ 206.91
2	Claimed Production Sendout	0,767 MG		
3	Claimed Chemical Expense	\$ 100,232	\$ 126,102	\$ 158,649 ‡
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 12/31/2023	30,680		
6	Less: Present Rates 12/31/2023		100,232	
7	Less: Present Rates 12/31/2024			126,102
8	Increase/(Decrease)	<u>\$ 69,552</u>	<u>\$ 25,870</u>	<u>\$ 32,547</u>
9	Pro Forma Adjustment:			
10	6183	\$ 69,552	\$ 25,870	\$ 32,547

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WATER EXPENSE

The Company is not making a claim for Purchased Water expense for Shenandoah in this case.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	
		12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Claimed Purchased Water Expense	\$ -	\$ -	‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2024		-	
5	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	
6	Pro Forma Adjustment:			
7	6101	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

WATER PRODUCTION ADJUSTMENT

The company is claiming an increase to the costs associated with increased production caused by the adjustment to consumption in the future and fully projected future test years.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	The production cost specifically related to the adjusted cost of the change in production			
2	was computed as follows:			
3	Purchased Power Expense	Schedule C-6.1	\$ 195,327	\$ 247,528
4	Chemical Expense	Schedule C-6.2	\$ 126,102	\$ 158,649
5			\$ 321,429	\$ 406,177
6	Estimated Production Gallons (Thousands)		766,753	766,753
7	Production Cost per 1,000 Gallons		\$ 0.42	\$ 0.53
8				
9				
10	Estimated Change in Production Gallons (Thousands)		-	-
11	Total Production Cost Increase / (Decrease)		\$ -	\$ -
12	Pro Forma Adjustment:			
13	6153		\$ -	\$ -
14	6183		\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

The Company offers group insurance coverage to all full time employees. The following amounts summarize the Company's estimated annualized group insurance expense, less the employee co-pay, and adjusted for the portion not charged to operations. This results from the calculation of group insurance levels projected to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Water Intracompany Benefits	\$ 127,464	\$ 206,410	\$ 210,511	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 12/31/2023	69,896			
4	Less: Present Rates 12/31/2023		127,464		
5	Less: Present Rates 12/31/2024			206,410	
6	Increase/(Decrease)	<u>\$ 57,568</u>	<u>\$ 78,947</u>	<u>\$ 4,101</u>	
7	Pro Forma Adjustment:				
8	6048	\$ 57,568	\$ 78,947	\$ 4,101	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Legal Expense Claim (3 Year Average)			‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	6338	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

Docket No. R-2024-3047822
Exhibit 1-B

Schedule C-9.2
Witness: Michael S. Ercolino

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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Docket No. R-2024-3047822
Exhibit 1-B

Schedule C-10.1
Witness: William C. Packer

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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Docket No. R-2024-3047822
Exhibit 1-B

Schedule C-10.2
Witness: William C. Packer

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 775,136	\$ 625,829	\$ 660,234
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 12/31/2023	711		
4	Less: Present Rates 12/31/2023		775,136	
5	Less: Present Rates 12/31/2024			625,829
6	Increase/(Decrease)	<u>\$ 774,425</u>	<u>\$ (149,307)</u>	<u>\$ 34,405</u>
7	Pro Forma Adjustment:			
8		\$ 774,425	\$ (149,307)	\$ 34,405

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 12,975						
2	Present Rates at 12/31/23				\$ 11,655				
3	Present Rates at 12/31/24						\$ 11,649		
4	Present Rates at 12/31/25								\$ 11,649
5	General Assessment Fees By The Pennsylvania Public Utility Commission	7,911		(4)		(0)		9,808	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	3,744		(2)		(0)		4,641	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Payroll Taxes	(12,975)		-		-			
10	Pro Forma Adjustment		\$ (1,320)		\$ (6)		\$ (0)		\$ 14,450
11	Pro Forma Present Rates at December 31, 2023		\$ 11,655						
12	Pro Forma Present Rates at December 31, 2024				\$ 11,649				
13	Pro Forma Present Rates at December 31, 2025						\$ 11,649		
14	Pro Forma Proposed Rates at December 31, 2025								\$ 26,099

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 1,829,237	\$ 1,828,305	\$ 1,828,304	\$ 4,096,212
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004324859316	7,911	7,907	7,907	17,716
4	Total General Assessment Fees	\$ 7,911	\$ 7,907	\$ 7,907	\$ 17,716
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		7,911		
8	Less: Present Rates 12/31/2024			7,907	
9	Less: Present Rates 12/31/2025				7,907
10	Increase/(Decrease)	\$ 7,911	\$ (4)	\$ (0)	\$ 9,808
11	Pro Forma Adjustment:				
12	4081	\$ 7,911	\$ (4)	\$ (0)	\$ 9,808

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 1,829,237	\$ 1,828,305	\$ 1,828,304	\$ 4,096,212
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001742389526	3,187	3,186	3,186	7,137
4	Small Business Advocate Fee At 0.000303478942	555	555	555	1,243
5	Damage Prevention Fee At 0.000000719937	1	1	1	3
6	Total General Assessment Fees	\$ 3,744	\$ 3,742	\$ 3,742	\$ 8,383
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 12/31/2023	-			
9	Less: Present Rates 12/31/2023		3,744		
10	Less: Present Rates 12/31/2024			3,742	
11	Less: Present Rates 12/31/2025				3,742
12	Increase/(Decrease)	\$ 3,744	\$ (2)	\$ (0)	\$ 4,641
13	Pro Forma Adjustment:				
14	4081	\$ 3,744	\$ (2)	\$ (0)	\$ 4,641

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made move payroll taxes per books to
 Intracompany Benefits, Schedule C-8.1, for ratemaking purposes.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	FICA OASDI			
2	FICA Medicare			
3	FICA Total	-	-	-
4	FUTA			
5	SUTA			
6	Annualized Payroll Taxes	-	-	-
7	Capitalized portion not charged to operating expense	31.67%	-	-
8	Sub-Total	\$ -	\$ -	\$ -
9	Less: Amount Charged to Taxes Other Than Income			
10	During the Twelve Months Ended 12/31/2023	12,975		
11	Less: Present Rates 12/31/2023		-	
12	Less: Present Rates 12/31/2024			-
13	Increase/(Decrease)	\$ (12,975)	\$ -	\$ -
14	Pro Forma Adjustment:			
15	40812	\$ (12,975)	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH
INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 12/31/23			PRESENT RATES @ 12/31/24			PRESENT RATES @ 12/31/25		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 2,218,808,602	48.52%	4.26%	\$ 2,204,911,964	45.31%	4.24%	\$ 2,312,128,262	46.05%	4.32%
4 Common Equity		\$ 2,354,604,313	51.48%	10.95%	\$ 2,661,801,067	54.69%	10.95%	\$ 2,708,369,391	53.95%	10.95%
5		<u>\$ 4,573,412,915</u>	<u>100.00%</u>	<u>7.70%</u>	<u>\$ 4,866,713,031</u>	<u>100.00%</u>	<u>7.91%</u>	<u>\$ 5,020,497,653</u>	<u>100.00%</u>	<u>7.90%</u>
6				PRESENT RATES			PRESENT RATES			PRESENT RATES
7 Calculation of Interest:				12/31/23			12/31/24			12/31/25
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$	13,541,347	Schedule G-1 Col 4, Row 15	\$	15,429,265	Schedule G-1 Col 5, Row 15	\$	16,013,341
9 Applicable Percentage				<u>48.52%</u>			<u>45.31%</u>			<u>46.05%</u>
10 Applicable Portion of Rate Base			\$	6,569,636		\$	6,990,379		\$	7,374,747
11 Cost Rate				4.26%			4.24%			4.32%
12 Pro-Forma Long-term Interest Expense			\$	<u>279,866</u>		\$	<u>296,392</u>		\$	<u>318,589</u>
13 Less: Interest on Long Term Debt Per Books 12/31/23				-						
14 Less: Interest on Long Term Debt Present Rates at 12/31/23							279,866			
15 Less: Interest on Long Term Debt Present Rates at 12/31/24										296,392
16 Long Term Debt Pro Forma Adjustment			\$	<u>279,866</u>		\$	<u>16,526</u>		\$	<u>22,197</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

Since the debt discount and expense is considered in calculating the cost rate of debt used to calculate interest on long-term debt, it should be eliminated.

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONSTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Interest During Construction Per Books	\$ (1,080)	\$ -	\$ -
2	Eliminate Interest During Construction	1,080	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 1,080	\$ -	\$ -

AQUA PENNSYLVANIA, INC. - SHENANDOAH
 NOTES TO STATEMENT OF INCOME
 SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES	PROPOSED RATES
			12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (54,544)	\$ (143,012)	\$ (176,714)	\$ 256,773
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 12/31/23			(54,544)		
4	Less: Present Rates at 12/31/24				(143,012)	
5	Less: Present Rates at 12/31/25					(176,714)
6	Pro Forma Adjustment		<u>\$ (54,544)</u>	<u>\$ (88,468)</u>	<u>\$ (33,702)</u>	<u>\$ 433,487</u>
7	State Income Tax - Current	Schedule F-2	\$ (25,657)	\$ (63,182)	\$ (73,074)	\$ 106,180
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 12/31/23			(25,657)		
10	Less: Present Rates at 12/31/24				(63,182)	
11	Less: Present Rates at 12/31/25					(73,074)
12	Pro Forma Adjustment		<u>\$ (25,657)</u>	<u>\$ (37,525)</u>	<u>\$ (9,892)</u>	<u>\$ 179,254</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ (50,148)	\$ (2,960)	\$ (5,324)	\$ (5,324)
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 12/31/23			(50,148)		
16	Less: Present Rates at 12/31/24				(2,960)	
17	Less: Present Rates at 12/31/25					(5,324)
18	Pro Forma Adjustment		<u>\$ (50,148)</u>	<u>\$ 47,188</u>	<u>\$ (2,364)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 12/31/23			-		
22	Less: Present Rates at 12/31/24				-	
23	Less: Present Rates at 12/31/25					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
25	Income Tax Credit Amortization	Schedule F-2	\$ -	\$ -	\$ -	\$ -
26	Less: Per Book	Schedule A-1	-			
27	Less: Present Rates at 12/31/23			-		
28	Less: Present Rates at 12/31/24				-	
29	Less: Present Rates at 12/31/25					-
30	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH
 COMPUTATION OF FEDERAL AND STATE INCOME TAXES
 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES 12/31/25		
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Utility Operating Income Before Tax	Schedule A-1	\$ (244,328)	\$ (244,328)	\$ (461,898)	\$ (461,898)	\$ (621,334)	\$ (621,334)	\$ 1,622,143	\$ 1,622,143
2	Interest Expense	Schedule A-1	(279,866)	(279,866)	(296,392)	(296,392)	(318,589)	(318,589)	(318,589)	(318,589)
3	State Income Tax	[12]	25,657		63,182		73,074		(106,180)	
4	Tax Repair Deduction		-	-	-	-	-	-	-	-
5	Book Depreciation	Schedule A-1	775,136	775,136	625,829	625,829	660,234	660,234	660,234	660,234
6	Tax Depreciation		(536,334)	(536,334)	(611,732)	(611,732)	(634,882)	(634,882)	(634,882)	(634,882)
7	COR & Other Basis Differences, net of book		-	-	-	-	-	-	-	-
8	Taxable Income	Sum of Lines [1] : [7]	\$ (259,736)	\$ (285,392)	\$ (681,011)	\$ (744,193)	\$ (841,497)	\$ (914,572)	\$ 1,222,727	\$ 1,328,906
9	Income Tax Rate		21.00%	8.99%	21.00%	8.49%	21.00%	7.99%	21.00%	7.99%
10	Pro Forma Income Tax : Current	[8] * [9]	(54,544)	(25,657)	(143,012)	(63,182)	(176,714)	(73,074)	256,773	106,180
11	Other - NOL		-	-	-	-	-	-	-	-
12	Total - Current Income Tax	[10] + [11]	\$ (54,544)	\$ (25,657)	\$ (143,012)	\$ (63,182)	\$ (176,714)	\$ (73,074)	\$ 256,773	\$ 106,180
13	Normalized Book Depreciation		(775,136)	-	(625,829)	-	(660,234)	-	(660,234)	-
14	Normalized Tax Depreciation		536,334	-	611,732	-	634,882	-	634,882	-
15	Normalized Basis Differences		-	-	-	-	-	-	-	-
16	Income Tax Rate		21.00%	7.10%	21.00%	6.71%	21.00%	6.31%	21.00%	6.31%
17	Deferred Income Tax - Tax/Book Depreciation	([13] + [14] + [15]) * [16]	(50,148)	-	(2,960)	-	(5,324)	-	(5,324)	-
18	Deferred Income Tax - Federal NOL/PA NOL (Historical only)		-	-	-	-	-	-	-	-
19	Flowback of Catch Up Adjustment		-	-	-	-	-	-	-	-
20	Flowback of TCJA 2017 (ARAM) - Protected		-	-	-	-	-	-	-	-
21	Flowback of TCJA 2017 - 10 Years		-	-	-	-	-	-	-	-
22	Flowback of Tax Repairs Historical UTP		-	-	-	-	-	-	-	-
23	Flowback of Tax Repairs Collar		-	-	-	-	-	-	-	-
24	Total Flow Through	Sum of Lines [19] : [23]	-	-	-	-	-	-	-	-
25	Total - Deferred Income Tax	[17] + [18] + [24]	\$ (50,148)	\$ -	\$ (2,960)	\$ -	\$ (5,324)	\$ -	\$ (5,324)	\$ -
26	Amortization of Income Tax Credit		-	-	-	-	-	-	-	-
27	Total - Income Tax	[12] + [25] + [26]	\$ (104,693)	\$ (25,657)	\$ (145,973)	\$ (63,182)	\$ (182,038)	\$ (73,074)	\$ 251,449	\$ 106,180

AQUA PENNSYLVANIA, INC. - SHENANDOAH

RATE BASE AS OF DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST	ORIGINAL COST	ORIGINAL COST	
		12/31/23	12/31/24	12/31/25	
(1)	(2)	(3)	(4)	(5)	
1	Utility Plant in Service	Schedule G-2	\$ 13,474,666	\$ 16,065,109	\$ 17,240,275
2	Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3			13,474,666	16,065,109	17,240,275
4	Less: Accumulated Depreciation	Schedule G-2	(66,319)	(771,805)	(1,368,218)
5	Net Plant in Service		<u>13,408,347</u>	<u>15,293,305</u>	<u>15,872,057</u>
6	Additions:				
7	Materials & Supplies	Schedule G-4	-	-	-
8	Cash Working Capital	Schedule G-5	133,000	133,000	133,000
9			<u>133,000</u>	<u>133,000</u>	<u>133,000</u>
10	Deductions:				
	Contributions in Aid of Construction and				
11	Customer Advances for Construction	Schedule G-6	-	-	-
12	Deferred Income Taxes	Schedule G-7	-	2,960	8,284
13	Investment Tax Credit		-	-	-
14			<u>-</u>	<u>2,960</u>	<u>8,284</u>
15	Total Rate Base		<u>\$ 13,541,347</u>	<u>\$ 15,429,265</u>	<u>\$ 16,013,341</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Utility Plant in Service	\$ 13,474,666	\$ 13,474,666	\$ 16,065,109
2	Plus: Additions		2,692,071	1,213,000
3	Less: Retirements		(101,628)	(37,834)
4	Utility Plant in Service	<u>\$ 13,474,666</u>	<u>\$ 16,065,109</u>	<u>\$ 17,240,275</u>
5	Accumulated Depreciation	<u>\$ (66,319)</u>	<u>\$ (771,805)</u>	<u>\$ (1,368,218)</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH
NOTES TO RATE BASE ELEMENTS
UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		PRESENT RATES		PRESENT RATES
						12/31/2023 BALANCE	FTY AMORTIZATIONS	12/31/2024 BALANCE	FPFTY AMORTIZATIONS	12/31/2025 BALANCE

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

The Company's claim for materials and supplies at December 31, 2024 and December 31, 2025 is calculated on the basis of the average monthly balances in the materials and supplies account during the period December 2022 to December 2023.

LINE NO.	MONTH	YEAR	BALANCE
1	December	2022	\$ -
2	January	2023	-
3	February	2023	-
4	March	2023	-
5	April	2023	-
6	May	2023	-
7	June	2023	-
8	July	2023	-
9	August	2023	-
10	September	2023	-
11	October	2023	-
12	November	2023	-
13	December	2023	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u> </u>
17	At 12/31/2024 and 12/31/2025		<u><u>\$ -</u></u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 168,000	\$ 168,000	\$ 168,000
2	Cash Working Capital - Taxes	Schedule G-5.3	(6,000)	(6,000)	(6,000)
3	Cash Working Capital - Interest	Schedule G-5.4	(29,000)	(29,000)	(29,000)
4	Total Cash Working Capital Requirement		\$ 133,000	\$ 133,000	\$ 133,000

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	December	2022	
2	January	2023	
3	February	2023	
4	March	2023	
5	April	2023	
6	May	2023	
7	June	2023	
8	July	2023	
9	August	2023	253,457
10	September	2023	207,135
11	October	2023	172,072
12	November	2023	139,782
13	December	2023	196,001
14	Total		\$ 968,447
15	Average Accounts Receivable Balance		\$ 193,689
16	Gross Utility Water Revenues recorded		
17	During the Five Months Ended 12/31/2023		\$ 732,434
16	Average Daily Billing		\$ 4,819
18	Lag in Receipt of Payment		40.2
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u>57.4</u>

Reference:
 (a) One-half of monthly billing period.

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 251,259	5.5	(a)	\$ 1,381,926
2	Non-Union Labor	99,592	9.0	(a)	896,332
3	Management Fee	180,210	15.7	(a)	2,829,302
4	Electric Power	247,528	43.3	(a)	10,717,962
5	Water Purchased	0	41.6	(a)	0
6	Employee Group Insurance	206,410	16.3	(a)	3,364,489
7	Liability Insurance	42,115	(46.4)	(a)	(1,954,130)
8	SFI Postage	9,381	(5.4)	(a)	(50,655)
9	Pension	0	440.0	(a)	0
10	SFAS106	0	45.1	(a)	0
11	All Other Expenses (b)	725,574	31.3	(a)	22,710,465
12	Total	<u>\$ 1,762,070</u>			<u>\$ 39,895,690</u>
13	Average Lag Days in Payment of Expenses		<u>22.6</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>57.4</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>34.8</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 4,828	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 168,000	[16] * [18]	
20	USE		<u>\$ 168,000</u>	* Rounded to nearest thousandth	

Reference:

(a) Developed in Exhibit 7.

(b) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 7,907	(198.5)	(a)	\$ (1,569,571)
2	OCA & SBA - General Assessments	3,742	(198.5)	(a)	(742,745)
3	Public Utility Realty Tax	-	(48.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(92.9)	(a)	-
5	FICA Taxes - Hourly	-	5.5	(a)	-
6	FICA Taxes - Executive & Exempt	-	9.0	(a)	-
7	Federal Unemployment Tax	-	75.9	(a)	-
8	PA Unemployment Tax	-	75.9	(a)	-
9	PA State Income Tax	(73,074)	36.5	(a)	(2,667,211)
10	Federal Income Tax	(176,714)	36.5	(a)	(6,450,077)
11	Total	<u>\$ (238,140)</u>			<u>\$ (11,429,604)</u>
12	Average Lag Days in Payment of Taxes		<u>48.0</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>57.4</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>9.4</u>	[13] - [12]	
16	WORKING CAPITAL REQUIREMENT				
17	Pro-forma Annual Tax Expense Per Day		\$ (652)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ (6,133)	[15] * [17]	
19	USE		<u>\$ (6,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 318,589	90.8	(a)	\$ 28,911,957
2	PennVest-Interest	-	14.7	(a)	-
3	Total	<u>\$ 318,589</u>			<u>\$ 28,911,957</u>
4	Average Lag Days in Payment of Interest		<u>90.8</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>57.4</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(33.4)</u>	[5] - [4]	
8	WORKING CAPITAL REQUIREMENT				
9	Pro-forma Annual Interest Expense Per Day		\$ 873		
10	Cash Working Capital Required		\$ (29,153)		
11	USE		<u>\$ (29,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ -	\$ -	\$ -
2	Plus: Contributions		-	-
3	Less: Amortization		-	-
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA, INC. - SHENANDOAH

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ -	\$ -	\$ (2,960)
2	Change in Deferred Tax	Schedule F-2		(2,960)	(5,324)
3	Deferred Income Taxes		<u>\$ -</u>	<u>\$ 2,960</u>	<u>\$ 8,284</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASETABLE OF CONTENTS TO EXHIBIT 1-C WASTEWATER BASE

	Schedule	Witness
A Summary		
Pro Forma Statement Of Income For The Twelve Months Ending December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	A-1	William C. Packer
Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates December 31, 2025 Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended December 31, 2023 And Anticipated Under Present And Proposed Rates For The Test Years Ended December 31, 2024 And December 31, 2025	A-3 A-4	William C. Packer William C. Packer
Calculation Of Gross Revenue Conversion Factor	A-5	William C. Packer
B Operating Revenues		
Statement Of Operating Revenue For The Twelve Months Ending December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	B-1	Gregory R. Herbert & Constance Heppenstall
Summary Of Adjustments To Operating Revenues	B-2	Gregory R. Herbert
Operating Revenues - Unbilled Revenue Adjustment	B-3	Gregory R. Herbert
Operating Revenues - DSIC Annualization	B-4	Gregory R. Herbert
Operating Revenues - Change In Customers	B-5	Gregory R. Herbert
Operating Revenues - Customer Assistance Program	B-6	Gregory R. Herbert
Operating Revenues - Miscellaneous Revenue Adjustments	B-7	Gregory R. Herbert
C Operating Expenses		
Notes To Statement Of Income Operating Expenses Expense Detail Accounts	C-1	William C. Packer
Operating Expenses Summary Of Expense Accounts	C-2	William C. Packer
Summary Of Adjustments To Operating Expenses	C-3	William C. Packer
Operating Expenses - General Price Level Adjustment	C-4.1	Christopher E. Manning
Operating Expenses - Inflation Factor Calculation	C-4.1.i	Christopher E. Manning
Operating Expenses - Uncollectible Accounts	C-4.2	Renee T. Marquis
Operating Expenses - Derivation Of Uncollectible Accounts Based On Three Years Of History Normalized	C-4.2.i	Renee T. Marquis
Operating Expenses - Additional Cost Of Serving Customers	C-4.3	Christopher E. Manning
Operating Expenses - Rate Case Expense	C-4.4	Michael S. Ercolino
Operating Expenses - Payroll	C-4.5	Christopher E. Manning
Operating Expenses - Insurance Expense	C-4.6	Christopher E. Manning
Operating Expenses - Management Service & Sundry	C-4.7	William C. Packer
Operating Expenses - Page Held For Future Use	C-4.8	N/A
Operating Expenses - Miscellaneous Expense Adjustments	C-4.9	Christopher E. Manning
Operating Expenses - Specific Expenses Not Subject To Increase	C-4.10	Michael S. Ercolino
Operating Expenses - Audit Fee Expense	C-4.11	Michael S. Ercolino

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASETABLE OF CONTENTS TO EXHIBIT 1-C WASTEWATER BASE

	Schedule	Witness
Operating Expenses - Adjustment To Amortization Of Acquisition Adjustments	C-5.1	Renee T. Marquis
Operating Expenses - Amortization Of New Negative Acquisition Adjustments	C-5.2	Renee T. Marquis
Operating Expenses - Purchased Power Expense	C-6.1	Christopher E. Manning
Operating Expenses - Purchased Power - Electric	C-6.1.i	Christopher E. Manning
Operating Expenses - Purchased Power - Gas	C-6.1.ii	Christopher E. Manning
Operating Expenses - Chemicals	C-6.2	Christopher E. Manning
Operating Expenses - Purchased Wastewater Treatment Expense	C-7.1	Christopher E. Manning
Operating Expenses - Employee Benefits	C-8.1	William C. Packer
Operating Expenses - Legal Expense	C-9.1	Michael S. Ercolino
D Other Expenses		
Statement Of Depreciation	D-1	Renee T. Marquis & John J. Spanos
Summary Of Adjustments To Taxes Other Than Income	D-2	Renee T. Marquis
Taxes Other Than Income - General Assessment Fees By The Pennsylvania Public Utility Commission	D-2.1	Renee T. Marquis
Taxes Other Than Income - General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	D-2.2	Renee T. Marquis
Taxes Other Than Income - Public Utility Realty Tax	D-2.3	Michael S. Ercolino
Taxes Other Than Income - Pennsylvania Property Tax	D-2.4	Michael S. Ercolino
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E Interest Expense		
Interest On Long-Term Debt	E-1	William C. Packer
Amortization Of Debt Issuance & Premium/Discount On Debt	E-2	William C. Packer
Other Interest Charges	E-3	William C. Packer
Interest During Construction	E-4	William C. Packer
F Income Taxes		
Summary Of Adjustments To Income Taxes	F-1	Panpilas Fischer
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AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

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	Schedule	Witness
G Rate Base		
Rate Base As Of December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	G-1	William C. Packer
Rate Base - Utility Plant In Service & Accumulated Depreciation	G-2	Renee T. Marquis & John J. Spanos
Rate Base - Utility Plant Acquisition Adjustments	G-3	Renee T. Marquis
Rate Base - Materials And Supplies	G-4	William C. Packer
Rate Base - Cash Working Capital Summary	G-5	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Receipt Of Revenue	G-5.1	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Taxes	G-5.3	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Interest	G-5.4	Harold C. Walker
Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Renee T. Marquis & John J. Spanos
Rate Base - Deferred Income Taxes	G-7	Panpilas Fischer

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	PRESENT RATES				PRESENT RATES				PRESENT RATES				PROPOSED RATES
	PER BOOKS	ADJUSTMENT	12/31/23 AMOUNT	ADJUSTMENT	12/31/24 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	RATES AMOUNT		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)			
1	Operating Revenues	\$ 58,270,675	\$ (729,175)	\$ 57,541,500	\$ 279,748	\$ 57,821,248	\$ (138,643)	\$ 57,682,604	\$ 25,957,548	\$ 83,640,152			
2	Operating Expenses	25,256,428	175,578	25,432,006	1,061,469	26,493,476	3,050,847	29,544,323	272,763	29,817,086			
3	Depreciation	12,514,888	244,465	12,759,353	737,479	13,496,832	635,877	14,132,709		14,132,709			
4	Taxes, other than income :												
5	PUC assessment	228,404	20,455	248,859	1,210	250,069	(600)	249,469	112,263	361,732			
6	OCA & SBA assessments	93,192	24,572	117,764	573	118,336	(284)	118,053	53,124	171,177			
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-			
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-			
9	Local property taxes & misc.	306,067	-	306,067	-	306,067	-	306,067	-	306,067			
10	Federal & State payroll tax	343,351	-	343,351	-	343,351	-	343,351	-	343,351			
11	Total Taxes, other than income	971,014	45,027	1,016,041	1,782	1,017,823	(883)	1,016,940	165,387	1,182,327			
12	Utility Operating Income Before Tax	19,528,345	(1,194,245)	18,334,100	(1,520,983)	16,813,117	(3,824,484)	12,988,633	25,519,398	38,508,031			
13	Income Taxes:												
14	Federal Tax-Current	2,425,720	(2,168,854)	256,867	(389,724)	(132,858)	(966,060)	(1,098,918)	4,930,884	3,831,966			
15	Pa. CNI Tax-Current	601,735	(489,208)	112,528	(32,334)	80,194	58,357	138,551	2,039,000	2,177,551			
16	Federal Tax-Deferred	2,396,570	(651,405)	1,745,164	(352,325)	1,392,839	87,825	1,480,664	-	1,480,664			
17	Pa. CNI Tax-Deferred	(2,026)	(33,443)	(35,469)	1,972	(33,497)	33,497	-	-	-			
18	ITC-Current	-	-	-	-	-	-	-	-	-			
19	ITC-Amortized	-	-	-	-	-	-	-	-	-			
20	Total Income Taxes	5,421,999	(3,342,910)	2,079,090	(772,411)	1,306,678	(786,381)	520,297	6,969,884	7,490,180			
21	Total Operating Revenue Deductions	44,164,330	(2,877,840)	41,286,490	1,028,319	42,314,809	2,899,459	45,214,268	7,408,034	52,622,302			
22	Utility Operating Income	14,106,345	2,148,665	16,255,010	(748,571)	15,506,439	(3,038,103)	12,468,336	18,549,515	31,017,851			
23	Income Deductions:												
24	Interest on Long-Term debt	3,295	7,406,504	7,409,799	(254,982)	7,154,817	659,995	7,814,812	-	7,814,812			
25	Amort. Of debt discount & expense	949	(949)	-	-	-	-	-	-	-			
26	Other interest charges	-	-	-	-	-	-	-	-	-			
27	Interest during Construction	(808,107)	808,107	-	-	-	-	-	-	-			
28	Total Income Deductions	(803,863)	8,213,662	7,409,799	(254,982)	7,154,817	659,995	7,814,812	-	7,814,812			
29	Net Income	\$ 14,910,208	\$ (6,064,997)	\$ 8,845,211	\$ (493,589)	\$ 8,351,622	\$ (3,698,097)	\$ 4,653,524	\$ 18,549,515	\$ 23,203,039			
30	Preferred Dividend												
31	Net Income-Common	\$ 14,910,208	\$ (6,064,997)	\$ 8,845,211	\$ (493,589)	\$ 8,351,622	\$ (3,698,097)	\$ 4,653,524	\$ 18,549,515	\$ 23,203,039			

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NUMBER OF CUSTOMERS SERVED
 AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 12/31/2022	SERVED AT 12/31/2023	TO BE SERVED AT 12/31/2024	TO BE SERVED AT 12/31/2025	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	38,643	39,065	39,504	39,943	39,943	-	-
2	Commercial	2,257	2,267	2,267	2,267	2,267	-	-
3	Industrial	9	9	9	9	9	-	-
4	Public	60	58	58	58	58	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	40,969	41,399	41,838	42,277	42,277	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN
AT CURRENT AND PROPOSED RATES DECEMBER 31, 2025

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	392,798,320
2	Recommended Rate of Return	Schedule E-1	X	7.90%
3	Operating Income, Pro Forma Proposed Rates		= \$	31,017,851
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	12,468,336
5	Operating Income Deficit		= \$	18,549,515
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.3994
7	Revenue Deficit		= \$	25,957,548

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN
EARNED IN THE YEAR ENDED DECEMBER 31, 2023 AND
ANTICIPATED UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2025

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates December 31, 2023	\$ 16,255,010	\$ 358,523,317	4.53%
2	Present Rates December 31, 2024	\$ 15,506,439	\$ 372,457,873	4.16%
3	Present Rates December 31, 2025	\$ 12,468,336	\$ 392,798,320	3.17%
4	Proposed Rates December 31, 2025	\$ 31,017,851	\$ 392,798,320	7.90%

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
 CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.637% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.051% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9831
7	State Tax Rate	7.990%
8	State Tax \$\$ =====>	\$ 0.0786
9	State Factor	\$ 0.9046
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1900
12	Combined Income Tax Factor on Gross Revenues	26.85%
13	Net Operating Income Factor	71.46%
14	Gross Revenue Conversion Factor	1.39937

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
 STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS (1)	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		REVENUE RATE INCREASE		PROPOSED RATES
		12/31/23 (2)	ADJUSTMENT (3)	AMOUNT (4)	ADJUSTMENT (5)	AMOUNT (6)	ADJUSTMENT (7)	AMOUNT (8)	% (9)	\$ (10)	AMOUNT (11)	
1	Residential	\$ 39,779,101	\$ (334,441)	\$ 39,444,659	\$ 82,924	\$ 39,527,584	\$ (138,643)	\$ 39,388,940	40.8%	\$ 16,084,978	\$ 55,473,918	
2	Commercial	16,860,336	(729,430)	16,130,906	192,100	16,323,006	-	16,323,006	59.4%	9,690,550	26,013,557	
3	Industrial	7,024	(122)	6,901	83	6,984	-	6,984	133.2%	9,305	16,290	
4	Public	1,525,711	333,622	1,859,333	4,675	1,864,008	-	1,864,008	9.3%	172,715	2,036,723	
5	Other	24,169	(691)	23,477	(34)	23,443	-	23,443	0.0%	-	23,443	
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-	
7	Total Sales to General Customers	58,196,341	(731,063)	57,465,278	279,748	57,745,026	(138,643)	57,606,382	45.1%	25,957,548	83,563,931	
8	Forfeited Discounts	95,385	-	95,385	-	95,385	-	95,385	0.0%	-	95,385	
9	Other WW Revenues	(21,051)	1,887	(19,163)	-	(19,163)	-	(19,163)	0.0%	-	(19,163)	
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-	-	
11	Total Other WW Revenues	74,334	1,887	76,222	-	76,222	-	76,222	0.0%	-	76,222	
12	Total Operating Revenue	\$ 58,270,675	\$ (729,175)	\$ 57,541,500	\$ 279,748	\$ 57,821,248	\$ (138,643)	\$ 57,682,604	45.0%	\$ 25,957,548	\$ 83,640,152	

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
 NOTES TO STATEMENT OF INCOME
 SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 58,270,675				
2	Present Rates at 12/31/23					\$ 57,541,500		
3	Present Rates at 12/31/24							\$ 57,821,248
4	Unbilled Revenue Adjustment	Schedule B-3	(1,197,955)		-		-	
5	DSIC Annualization	Schedule B-4	-		660,431		-	
6	Change In Customers	Schedule B-5	192,284		399,232		383,532	
7	Customer Assistance Program	Schedule B-6	33,413		(779,915)		(522,175)	
8	Miscellaneous Revenue Adjustments	Schedule B-7	243,082		-		-	
9	Pro Forma Adjustment			<u>(729,175)</u>		<u>279,748</u>		<u>(138,643)</u>
10	Pro Forma Present Rates at December 31, 2023			<u>\$ 57,541,500</u>				
11	Pro Forma Present Rates at December 31, 2024					<u>\$ 57,821,248</u>		
12	Pro Forma Present Rates at December 31, 2025							<u>\$ 57,682,604</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 12/31/2023 AMOUNT
1	Residential	\$ 547,887
2	Commercial	648,469
3	Industrial	122
4	Public	786
5	Other	691
6	Availability Charge	
7	Total Sales to General Customers	<u>1,197,955</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 1,197,955</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for December 31, 2024 based on the Company's pro forma level at December 31, 2024 and the 1.34% rate that is expected to become effective on January 1, 2025.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES
		12/31/2023 DSIC REVENUE	12/31/2024 DSIC REVENUE	12/31/2024 ADJUSTMENT
1	Residential	\$ 57,439	\$ 521,046	\$ 463,607
2	Commercial	23,736	215,836	192,100
3	Industrial	10	93	83
4	Public	(15)	4,660	4,675
5	Other	34	-	(34)
6	Availability Charge	-	-	-
7	Total Sales to General Customers	81,204	741,635	660,431
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ 81,204	\$ 741,635	\$ 660,431

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CHANGE IN CUSTOMERS

The following adjustment reflects the change in revenues due to the average change in number of residential customers during the three years ending December 31, 2025. Projections were based on a three year historical growth average exclusive of acquisitions.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 ADJUSTMENT	12/31/2024 ADJUSTMENT	12/31/2025 ADJUSTMENT
1	Residential	\$ 192,284	\$ 399,232	\$ 383,532
2	Commercial			
3	Industrial			
4	Public			
5	Other			
6	Availability Charge			
7	Total Sales to General Customers	192,284	399,232	383,532
8	Forfeited Discounts			
9	Other WW Revenues			
10	Miscellaneous WW Service Revenues			
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ 192,284	\$ 399,232	\$ 383,532

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CUSTOMER ASSISTANCE PROGRAM

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Residential	\$ (37,260)	\$ (3,846)	\$ (783,761)	\$ (1,305,937)
2	Commercial				
3	Industrial				
4	Public				
5	Other				
6	Availability Charge				
7	Total Sales to General Customers	<u>(37,260)</u>	<u>(3,846)</u>	<u>(783,761)</u>	<u>(1,305,937)</u>
8	Forfeited Discounts				
9	Other WW Revenues				
10	Miscellaneous WW Service Revenues				
11	Total Other WW Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12	Total Operating Revenue	<u>\$ (37,260)</u>	<u>\$ (3,846)</u>	<u>\$ (783,761)</u>	<u>\$ (1,305,937)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 ADJUSTMENT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2023 ADJUSTMENT
1	Residential	(a) & (b) \$ (229,519)		(c) \$ 217,267
2	Commercial	(b) (27,177)		(c) (53,784)
3	Industrial			
4	Public			(c) 334,408
5	Other			
6	Availability Charge			
7	Total Sales to General Customers	<u>(256,696)</u>	<u>-</u>	<u>497,891</u>
8	Forfeited Discounts			
9	Other WW Revenues			1,887
10	Miscellaneous WW Service Revenues			
11	Total Other WW Revenues	<u>-</u>	<u>-</u>	<u>1,887</u>
12	Total Operating Revenue	<u>\$ (256,696)</u>	<u>\$ -</u>	<u>\$ 499,778</u>

- (a) Deduct Meter Credits
- (b) Adjustment for change of flat rate to metered customers in Zone 1-A, 2, 3 and 5.

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7011	Labor	354,524	354,524	268,579	281,544
4	7041	Employee Benefits	80,086	80,086	78,476	77,729
5	7151	Purchased Power	1,277,812	1,256,183	1,258,822	1,619,104
6	7161	Purchased Power	63,812	62,732	62,863	79,674
7	7201	Supplies	4,634	4,634	4,747	4,856
8	7311	OS Engineer	73,066	73,066	74,838	76,559
9	7351	OS Lab Testing	1,305	1,305	1,337	1,367
10	7361	OS Other	181,413	181,413	185,812	190,086
11	7411	Leases	35,461	35,461	35,461	35,461
12	7501	Transportation	20,463	20,463	20,960	21,442
13	7751	Other	56,789	56,789	58,167	59,504
14		-Maintenance-				
15	7012	Labor	2,534	2,534	1,920	2,013
16	7042	Employee Benefits	466	466	457	452
17	7202	Supplies	2,519	2,519	2,580	2,640
18	7362	OS Other	438,159	438,159	448,785	459,107
19	7502	Transportation	116	116	118	121
20	7752	Other	1,154	1,154	1,182	1,209
21						
22		Total Collection Expense	\$ 2,594,315	\$ 2,571,606	\$ 2,505,103	\$ 2,912,868
23						
24		--Pumping--				
25		-Operations-				
26	7013	Labor	225,471	225,471	170,811	179,056
27	7043	Employee Benefits	56,023	56,023	54,897	54,375
28	7153	Purchased Power	664	653	655	830
29	7163	Purchased Power	177	174	174	221
30	7183	Chemicals	25,597	25,597	375,268	877,072
31	7203	Supplies	35,963	35,963	36,835	37,682
32	7353	OS Lab Testing	1,253	1,253	1,283	1,312

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
33	7363	OS Other	145,496	145,496	149,025	152,452
34	7503	Transportation	13,123	13,123	13,441	13,750
35	7753	Other	14,178	14,178	14,522	14,856
36		-Maintenance-				
37	7014	Labor	1,819	1,819	1,378	1,445
38	7044	Employee Benefits	277	277	271	269
39	7204	Supplies	29,305	29,305	30,015	30,706
40	7354	OS Lab Testing	77,669	77,669	79,553	81,383
41	7364	OS Other	195,138	195,138	199,870	204,467
42	7504	Transportation	84	84	86	88
43	7754	Other	2,061	2,061	2,111	2,159
44						
45		Total Pumping Expense	\$ 824,297	\$ 824,283	\$ 1,130,195	\$ 1,652,123
46						
47		--Treatment & Disposal--				
48		-Operations-				
49	7015	Labor	1,534,063	1,534,063	1,162,169	1,218,270
50	7045	Employee Benefits	445,907	445,907	436,946	432,787
51	7105	Purchased Wastewater	5,995,393	6,319,296	8,254,408	8,825,200
52	7115	Sludge	1,721,015	1,721,015	1,762,750	1,826,648
53	7165	Purchased Power	16,591	16,310	16,344	20,715
54	7185	Chemicals	1,109,517	1,109,517	1,136,423	1,162,561
55	7205	Supplies	122,567	122,567	125,539	128,427
56	7315	OS Engineer	25,760	25,760	26,384	26,991
57	7355	OS Lab Testing	421,362	421,362	431,580	441,507
58	7365	OS Other	951,839	951,839	974,922	997,345
59	7415	Leases	3,350	3,350	3,350	3,350
60	7425	Leases	4,621	4,621	4,621	4,621
61	7505	Transportation	96,333	96,333	98,669	100,938
62	7755	Other	59,042	59,042	60,473	61,864
63		-Maintenance-				
64	7016	Labor	7,284	7,284	5,518	5,784

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
65	7046	Employee Benefits	863	863	846	838
66	7186	Chemicals	11,152	11,152	11,422	11,685
67	7206	Supplies	23,654	23,654	24,228	24,785
68	7316	OS Engineer	4,572	4,572	4,683	4,791
69	7366	OS Other	430,855	430,855	441,303	451,453
70	7506	Transportation	268	268	274	280
71	7756	Other	599	599	614	628
72						
73		Total Treatment & Disposal Expense	\$ 12,986,608	\$ 13,310,230	\$ 14,983,466	\$ 15,751,467
74						
75		--Reclaimed Water Treatment--				
76		-Operations-				
77						
78						
79		--Customer Accounting--				
80	7017	Labor	7,377	7,377	5,589	5,859
81	7047	Employee Benefits	2,045	2,045	2,004	1,985
82	7207	Supplies	60	60	61	62
83	7347	Management Fees	727,026	727,026	744,657	761,784
84	7357	OS Lab Testing	2,261	2,261	2,316	2,369
85	7367	OS Other	6,830	6,830	6,996	11,192
86	7507	Transportation	468	468	479	490
87	7757	Other	5	5	5	5
88	7707	Bad Debt	530,848	612,037	743,796	836,698
89						
90		Total Customer Accounting Expense	\$ 1,276,920	\$ 1,358,109	\$ 1,505,903	\$ 1,620,444
91						
92		--Administrative and General--				
93	7018	Labor	2,071,440	2,071,440	1,569,272	1,645,026
94	7038	Labor	232,794	232,794	176,359	184,872
95	7048	Employee Benefits	870,178	2,076,717	1,443,060	1,545,887
96	7158	Purchased Power	33,035	32,476	32,544	41,247

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
97	7168	Purchased Power	4,359	4,285	4,294	5,442
98	7208	Supplies	164,334	164,334	168,319	172,190
99	7318	OS Engineer	297,797	297,797	305,019	312,034
100	7328	OS Accounting	105,908	55,889	54,949	55,377
101	7338	OS Legal	233,944	58,328	58,328	58,328
102	7348	Management Fees	2,739,577	2,739,577	2,806,011	2,870,550
103	7349	Management Fees	-	(1,083,684)	(1,095,040)	(1,102,484)
104	7358	OS Lab Testing	18,681	18,681	19,134	19,574
105	7368	OS Other	1,070,566	1,070,566	1,096,527	1,121,748
106	7418	Leases	84,661	84,661	84,661	84,661
107	7428	Leases	655	655	655	655
108	7508	Transportation	128,994	128,994	132,122	135,161
109	7578	Insurance	129,312	48,373	33,514	36,125
110	7588	Insurance	5,304	(589)	(1,145)	(1,115)
111	7598	Insurance	14,640	(1,625)	(3,983)	(3,786)
112	7758	Other	403,055	403,055	412,829	422,324
113	7608	Other	8,029	8,029	8,224	8,413
114	7668	Amortization of Rate Case	23,524	23,524	23,524	107,648
115	4060	Amortization of UPAA	(1,066,498)	(1,066,498)	(960,368)	(532,417)
116	7678	Amortization Other	-	-	-	419,962
117						
118		Total Admin & General Expense	\$ 7,574,288	\$ 7,367,778	\$ 6,368,809	\$ 7,607,421
119						
120		Total Operating Expenses	\$ 25,256,428	\$ 25,432,006	\$ 26,493,476	\$ 29,544,323

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 12/31/23	ADJUSTMENTS 12/31/23	PRESENT RATES 12/31/23	ADJUSTMENTS 12/31/24	PRESENT RATES 12/31/24	ADJUSTMENTS 12/31/25	PRESENT RATES 12/31/25
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 4,437,307	\$ -	\$ 4,437,307	\$ (1,075,712)	\$ 3,361,595	\$ 162,274	\$ 3,523,869
2 Employee Benefits	1,455,845	1,206,538	2,662,384	(645,427)	2,016,957	97,364	2,114,321
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	5,995,393	323,903	6,319,296	1,935,111	8,254,408	570,792	8,825,200
5 Sludge	1,721,015	-	1,721,015	41,735	1,762,750	63,898	1,826,648
6 Purchased Power	1,396,450	(23,637)	1,372,813	2,883	1,375,696	391,536	1,767,231
7 Chemicals	1,146,266	-	1,146,266	376,848	1,523,113	528,204	2,051,318
8 Supplies	383,035	-	383,035	9,289	392,324	9,023	401,347
9 OS Engineer	401,195	-	401,195	9,729	410,924	9,451	420,375
10 OS Accounting	105,908	(50,019)	55,889	(940)	54,949	428	55,377
11 OS Legal	233,944	(175,616)	58,328	-	58,328	-	58,328
12 OS Lab Testing	522,531	-	522,531	12,671	535,203	12,310	547,512
13 OS Other	3,420,297	-	3,420,297	82,942	3,503,239	84,610	3,587,850
14 Management Fees	3,466,603	(1,083,684)	2,382,919	72,709	2,455,628	74,222	2,529,850
15 Leases	128,749	-	128,749	-	128,749	-	128,749
16 Transportation	259,848	-	259,848	6,301	266,149	6,121	272,270
17 Insurance	149,256	(103,096)	46,160	(17,774)	28,386	2,839	31,224
18 Other	544,912	-	544,912	13,214	558,126	12,837	570,963
19 Bad Debt	530,848	81,189	612,037	131,759	743,796	92,901	836,698
20 Amortization of Rate Case	23,524	-	23,524	-	23,524	84,123	107,648
21 Amortization of UPAA	(1,066,498)	-	(1,066,498)	106,130	(960,368)	427,951	(532,417)
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	419,962	419,962
24 Total Operating Expenses	\$ 25,256,428		\$ 25,432,006		\$ 26,493,476		\$ 29,544,323
25 Pro Forma Adjustments		\$ 175,578		\$ 1,061,469		\$ 3,050,847	
26 Uncollectibles @ Proposed Rates							\$ 272,763
27 Proposed Rates @ 12/31/25							\$ 29,817,086

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 25,256,428				
2	Present Rates at 12/31/23					\$ 25,432,006		
3	Present Rates at 12/31/24							\$ 26,493,476
4	General Price Level Adjustment	Schedule C-4.1	-		190,002		187,536	
5	Uncollectible Accounts	Schedule C-4.2	81,189		131,561		89,750	
6	Additional Cost Of Serving Customers	Schedule C-4.3	-		-		196,671	
7	Rate Case Expense	Schedule C-4.4	-		-		84,123	
8	Payroll	Schedule C-4.5	-		(1,075,712)		162,274	
9	Insurance Expense	Schedule C-4.6	(103,096)		(17,774)		2,839	
10	Management Service & Sundry	Schedule C-4.7	(1,083,684)		58,787		60,697	
11	Page Held For Future Use	Schedule C-4.8	-		-		-	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	-		-		419,962	
13	Specific Expenses Not Subject To Increase	Schedule C-4.10	-		-		-	
14	Audit Fee Expense	Schedule C-4.11	(50,019)		(940)		428	
15	Adjustment To Amortization Of Acquisition Adjustments	Schedule C-5.1	-		136,132		427,951	
16	Amortization Of New Negative Acquisition Adjustments	Schedule C-5.2	-		(30,002)		-	
17	Purchased Power Expense	Schedule C-6.1	(23,637)		2,883		367,875	
18	Chemicals	Schedule C-6.2	-		376,848		500,740	
19	Purchased Wastewater Treatment Expense	Schedule C-7.1	323,903		1,935,111		452,636	
20	Employee Benefits	Schedule C-8.1	1,206,538		(645,427)		97,364	
21	Legal Expense	Schedule C-9.1	(175,616)		-		-	
22	Pro Forma Adjustments			\$ 175,578		\$ 1,061,469		\$ 3,050,847
23	Pro Forma Present Rates at December 31, 2023			\$ 25,432,006				
24	Pro Forma Present Rates at December 31, 2024					\$ 26,493,476		
25	Pro Forma Present Rates at December 31, 2025							\$ 29,544,323

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 12/31/2023	\$ 25,432,006	
3	Present Rates 12/31/2024		\$ 26,493,476
4	<i>Less amounts specifically adjusted in this filing or not otherwise subject to inflation:</i>		
5	Labor	4,437,307	3,361,595
6	Employee Benefits	2,662,384	2,016,957
7	Purchased Wastewater	6,319,296	8,254,408
8	Sludge	-	-
9	Purchased Power	1,372,813	1,375,696
10	Chemicals	1,146,266	1,523,113
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	55,889	54,949
14	OS Legal	58,328	58,328
15	OS Lab Testing	-	-
16	OS Other	-	-
17	Management Fees	1,808,825	1,867,612
18	Leases	128,749	128,749
19	Transportation	-	-
20	Insurance	46,160	28,386
21	Other	-	-
22	Bad Debt	603,847	606,787
23	Amortization of Rate Case	23,524	23,524
24	Amortization of UPAA	(1,066,498)	(960,368)
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 17,596,889	\$ 18,339,736
28	Total Operating Expenses Subject to Effects of Inflation	\$ 7,835,118	\$ 8,153,740
29	Inflation Factor - Schedule C-4.1.i	2.425%	2.300%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 190,002	\$ 187,536

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	First Quarter	2024	2.500% (a)
2	Second Quarter	2024	2.500% (a)
3	Third Quarter	2024	2.400% (a)
4	Fourth Quarter	2024	2.300% (a)
5	Annual Average for the Period Ending 12/31/2024		2.425%
6	First Quarter	2025	2.300% (b)
7	Second Quarter	2025	2.300% (b)
8	Third Quarter	2025	2.300% (b)
9	Fourth Quarter	2025	2.300% (b)
10	Annual Average for the Period Ending 12/31/2025		2.300%

Source:

- (a) Blue Chip Economic Indicators Volume 48, No. 8, August 11, 2023, Page 5, Forecasted Future Periods
- (b) 2025 not available in Blue Chip Report. Used Prior Quarter, Q4-2024.

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended December 31, 2023, the Company experienced an average uncollectible accounts factor of 1.05080% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 58,196,341	\$ 57,465,278	\$ 57,745,026	\$ 57,606,382
2	Annualized Uncollectible Account based on Experience Factor @	1.05080%	603,847	606,787	605,330
3	Arrearage Forgiveness		8,190	136,811	228,018
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023		530,848		
6	Less: Present Rates 12/31/2023			612,037	
7	Less: Present Rates 12/31/2024				743,598
8	Increase/(Decrease)		<u>\$ 81,189</u>	<u>\$ 131,561</u>	<u>\$ 89,750</u>
9	Pro Forma Adjustment:				
10	7707		\$ 81,189	\$ 131,561	\$ 89,750

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

DERIVATION OF UNCOLLECTIBLE ACCOUNTS

BASED ON THREE YEARS OF HISTORY NORMALIZED

LINE NO.	DESCRIPTION	12/31/2021 AMOUNT	12/31/2022 AMOUNT	12/31/2023 AMOUNT	THREE YEAR AVERAGE
1	Net Write-Offs	\$ 429,184	\$ 524,704	\$ 530,848	
2	Sales to General Customers	\$ 36,396,442	\$ 49,451,319	\$ 58,196,341	
3	Factor	0.0117919	0.0106105	0.0091217	0.0105080

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADDITIONAL COST OF SERVING CUSTOMERS

The Company computes the additional cost of providing service to customers connected during the three years ending December 31, 2025, exclusive of acquisitions.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2025 AMOUNT
1	Estimated Additional Revenue from New Customers		
2	connected during the three years ended December 31, 2025	Schedule B-5	\$ 782,764
3	Operating Ratio		25.13%
4	Cost of Providing Service to New Customers		\$ 196,671
5	The operating ratio specifically related to the adjusted cost of serving new customers		
6	was computed as follows:		
7	Purchased Power Expense		\$ 1,743,571
8	Chemical Expense		2,023,854
9	Bill Processing & Postage Expense		297,406
10	Purchased Wastewater Expense		8,707,044
11	Sludge Expense		1,721,015
12	Total		<u>\$ 14,492,890</u>
13	Total Wastewater Sales at Present Rates	Schedule B-1	<u>\$ 57,682,604</u>
14	Operating Ratio		25.13%
15	Pro Forma Adjustment:		
16	7151		\$ 23,661
17	7183		\$ 27,464
18	7367		\$ 4,036
19	7105		\$ 118,156
20	7115		\$ 23,355
21	Total		\$ 196,671

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a twenty-four month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		400,000		
4	Rate of Return		95,000		
5	Notices and Postage		450,000		
6	Miscellaneous		65,000		
7	Total	\$	2,610,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	88.67%	\$ 2,314,287	\$ 1,157,144	
10	Wastewater	11.33%	\$ 295,713	\$ 147,857	
11	Wastewater - Current Exhibit	8.25%	\$ 215,295	\$ 107,648	
12	Normalization Period		24 Months		
13			PRESENT RATES	PRESENT RATES	
14			12/31/2024	12/31/2025	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 24 Month Normalized Basis	\$	23,524	\$ 107,648	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 12/31/2023		23,524		
19	Less: Present Rates 12/31/2024			23,524	
20	Increase/(Decrease)	\$	-	\$ 84,123	
21	Pro Forma Adjustment:				
22	7668		-	\$ 84,123	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Non-Union Payroll				
2	Gross Payroll		\$ 2,392,450	\$ 2,562,460	
3	Capital Payroll		757,689	811,531	
4	Non-Operating Payroll		28,231	30,237	
5	Expense Payroll	2,120,620	1,606,530	1,720,692	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ (514,090)	\$ 114,162	
7	Union Payroll				
8	Gross Payroll		\$ 2,613,648	\$ 2,685,297	
9	Capital Payroll		827,742	850,433	
10	Non-Operating Payroll		30,841	31,687	
11	Expense Payroll	2,316,686	1,755,065	1,803,177	‡
12	Union Expense Payroll Increase/(Decrease)		\$ (561,621)	\$ 48,112	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ (1,075,712)</u>	<u>\$ 162,274</u>	
14	Pro Forma Adjustment:				
15	7011		\$ (85,945)	\$ 12,965	
16	7012		\$ (614)	\$ 93	
17	7013		\$ (54,660)	\$ 8,246	
18	7014		\$ (441)	\$ 67	
19	7015		\$ (371,894)	\$ 56,101	
20	7016		\$ (1,766)	\$ 266	
21	7017		\$ (1,788)	\$ 270	
22	7018		\$ (502,168)	\$ 75,753	
23	7038		\$ (56,435)	\$ 8,513	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES		
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	General Liability	\$ 53,035	\$ 35,205	\$ 38,725
2	Workers Compensation	3,861	1,174	1,292
3	Other (Exec Risk, Property, Surety Bond)	10,658	5,163	5,680
4		<u>67,554</u>	<u>41,542</u>	<u>45,697</u>
5	Capitalized portion not charged to operating expense	31.67% (21,394)	(13,156)	(14,472)
6	Subtotal Insurance	<u>\$ 46,160</u>	<u>\$ 28,386</u>	<u>\$ 31,224</u>
7	Less: Amount Charged to Operating Expense			‡
8	During the Twelve Months Ended 12/31/2023	149,256		
9	Less: Present Rates 12/31/2023		46,160	
10	Less: Present Rates 12/31/2024			28,386
11	Increase/(Decrease)	<u>\$ (103,096)</u>	<u>\$ (17,774)</u>	<u>\$ 2,839</u>
12	Pro Forma Adjustment:			
13	7578	\$ (80,938)	\$ (15,062)	\$ 2,406
14	7588	\$ (5,893)	\$ (502)	\$ 80
15	7598	\$ (16,265)	\$ (2,209)	\$ 353

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Management Fees Labor & Benefits	\$ 1,808,825	\$ 1,808,825	\$ 1,867,612	‡
2	Payroll & Benefit Increase		58,787	60,697	‡
3	Management Fees All Other	574,094	574,094	574,094	
4	Total Expense Claim	\$ 2,382,919	\$ 2,441,706	\$ 2,502,404	
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	3,466,603			
7	Less: Present Rates 12/31/2023		2,382,919		
8	Less: Present Rates 12/31/2024			2,441,706	
9	Increase/(Decrease)	\$ (1,083,684)	\$ 58,787	\$ 60,697	
10	Pro Forma Adjustment:				
11	7349	\$ (1,083,684)	\$ 58,787	\$ 60,697	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Additions:			
2	Amortization of COVID Reg Asset over 2 Year Period			419,962
3				
4				
5				
6				
7	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,962</u>
8	Pro Forma Adjustment:			
9	7678			\$ 419,962
10				
11				

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INCREASE

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth.
 These amounts are eliminated from the eligible Operating Expenses subject to increase on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Leases	\$ 128,749	\$ 128,749	\$ 128,749	‡
2	Total Specific Expenses Not Subject to Increase	<u>\$ 128,749</u>	<u>\$ 128,749</u>	<u>\$ 128,749</u>	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AUDIT FEE EXPENSE

The Company incurs audit fees annually from its third party auditor.
 The Company has based its audit fee expense claim on the actual
 fee schedule and projected fee schedule provided by its third party auditor.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		12/31/2023 AMOUNT		12/31/2024 AMOUNT		12/31/2025 AMOUNT	
1	Audit Fees Expense Claim	\$ 81,792	\$	80,417	\$	81,043	
				81,792		80,417	81,043
2	Capitalized portion not charged to operating expense	31.67%		(25,904)		(25,468)	(25,666)
3	Subtotal Audit Fees	\$ 55,889	\$	54,949	\$	55,377	‡
4	Less: Amount Charged to Operating Expense						
5	During the Twelve Months Ended 12/31/2023	105,908					
6	Less: Present Rates 12/31/2023			55,889			
7	Less: Present Rates 12/31/2024					54,949	
8	Increase/(Decrease)	\$ (50,019)	\$	(940)	\$	428	
9	Pro Forma Adjustment:						
10	7328	\$ (50,019)	\$	(940)	\$	428	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADJUSTMENT TO AMORTIZATION OF ACQUISITION ADJUSTMENTS

The Company is making an adjustment to remove the acquisition adjustments that will be fully amortized before the end of the full-projected future test year.

LINE NO.	DESCRIPTION	AMORTIZATION PERIOD	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Pinecrest	1/04 - 12/23	\$ (16,220)	\$ -	\$ -
2	Eagle Rock	7/04 - 6/24	\$ (105,365)	\$ (52,683)	\$ -
3	Thornhurst	9/04 - 8/24	\$ (13,408)	\$ (8,939)	\$ -
4	Links @ Gettysburgh	1/05 - 12/24	\$ (46,645)	\$ (46,645)	\$ -
5	Deerfield Knoll	7/05 - 6/25	\$ (8,495)	\$ (8,495)	\$ (4,247)
6	Beech Mountain WW	6/13 - 5/23	\$ (736)	\$ -	\$ -
7	Village at Valley Forge	6/13 - 5/23	\$ (49,218)	\$ -	\$ -
8	Kidder Twp	2/14 - 1/24	\$ (13,971)	\$ (1,164)	\$ -
9	Penn Township Sewer	4/15 - 3/25	\$ (419,031)	\$ (419,031)	\$ (104,758)
10			<u>\$ (673,088)</u>	<u>\$ (536,956)</u>	<u>\$ (109,005)</u>
11	Less: Amount Charged to Operating Expense				
12	During the Twelve Months Ended 12/31/2023		\$ (673,088)		
13	Less: Present Rates 12/31/2023			\$ (673,088)	
14	Less: Present Rates 12/31/2024				\$ (536,956)
15	Increase/(Decrease)		<u>\$ -</u>	<u>\$ 136,132</u>	<u>\$ 427,951</u>
16	Pro Forma Adjustment:				
17	4060		-	136,132	427,951

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AMORTIZATION OF NEW NEGATIVE ACQUISITION ADJUSTMENTS

The Company is proposing to amortize certain negative acquisition adjustments involving acquisitions that were closed after the last AP rate case was filed. A twenty year amortization period was selected similar to the treatment of prior acquisition adjustments approved by the Commission.

LINE NO.	DESCRIPTION	ORIGINAL ACQUISITION ADJUSTMENT	DATE OF OWNERSHIP	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	North Heidelberg WW	\$ (600,038)	3/31/2023	\$ -	\$ (30,002)	\$ (30,002)
2		<u>\$ (600,038)</u>		<u>\$ -</u>	<u>\$ (30,002)</u>	<u>\$ (30,002)</u>
3	Amortization Period	20 Years				
4	Annual Amortization	\$ (30,002)				
5	Less: Amount Charged to Operating Expense					
6	During the Twelve Months Ended 12/31/2023			\$ -		
7	Less: Present Rates 12/31/2023				\$ -	
8	Less: Present Rates 12/31/2024					\$ (30,002)
9	Increase/(Decrease)			<u>\$ -</u>	<u>\$ (30,002)</u>	<u>\$ -</u>
10	Pro Forma Adjustment:					
11	4060			-	(30,002)	-

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 1,294,571	\$ 1,300,703	\$ 1,668,207	
2	Claimed Purchased Power Expense - Gas	78,242	74,993	75,363	
3		<u>\$ 1,372,813</u>	<u>\$ 1,375,696</u>	<u>\$ 1,743,571</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023	1,396,450			
6	Less: Present Rates 12/31/2023		1,372,813		
7	Less: Present Rates 12/31/2024			1,375,696	
8	Increase/(Decrease)	<u>\$ (23,637)</u>	<u>\$ 2,883</u>	<u>\$ 367,875</u>	
9	Pro Forma Adjustment:				
10	7151	\$ (21,629)	\$ 2,638	\$ 336,622	
11	7153	\$ (11)	\$ 1	\$ 175	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ (559)	\$ 68	\$ 8,703	
14	7161	\$ (1,080)	\$ 132	\$ 16,810	
15	7163	\$ (3)	\$ 0	\$ 47	
16	7165	\$ (281)	\$ 34	\$ 4,371	
17	7168	\$ (74)	\$ 9	\$ 1,148	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES		FUTURE KW HOURS	PRESENT RATES		FULLY PROJECTED	
				12/31/2023 AMOUNT			12/31/2024 AMOUNT		FUTURE KW HOURS	12/31/2025 AMOUNT
1	Adams Co-op	Wastewater	144,908	\$ 16,540		144,908	\$ 16,623		144,908	\$ 16,706
2	Central Electric Co-op	Wastewater	1,620	\$ 695		1,620	\$ 698		1,620	\$ 702
3	Met-Ed	Wastewater	244,258	\$ 21,817		244,258	\$ 22,256		244,258	\$ 27,361
4	PECO	Wastewater	11,257,018	\$ 833,053		11,257,018	\$ 833,053		11,257,018	\$ 1,086,907
5	PenElec	Wastewater	777,521	\$ 64,954		777,521	\$ 65,279		777,521	\$ 65,605
6	PP&L	Wastewater	3,960,002	\$ 291,309		4,018,583	\$ 295,618		4,018,583	\$ 401,870
7	United Electric Co-op	Wastewater	488,256	\$ 66,203		492,960	\$ 67,175		492,960	\$ 69,056
8				\$ 1,294,571			\$ 1,300,703			\$ 1,668,207

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 12/31/2023 AMOUNT	FUTURE THERMS	PRESENT RATES 12/31/2024 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 12/31/2025 AMOUNT
1	COLUMBIA GAS OF PA	Wastewater	1,218	\$ 2,039	1,433	\$ 2,503	1,433	\$ 2,503
2	PECO	Wastewater	50,079	\$ 54,595	45,266	\$ 51,470	45,266	\$ 51,470
3	UGI UTILITIES , INC	Wastewater	1,039	\$ 1,458	1,704	\$ 2,494	1,704	\$ 2,494
4	Direct Purchases - Fuel Oil, Propane and Generator Diesel	Wastewater		\$ 20,149		\$ 18,526		\$ 18,896
5				<u>\$ 78,242</u>		<u>\$ 74,993</u>		<u>\$ 75,363</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The chemical expense claim was based on a three year, year over year average growth rate for the three years ended December 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Chemical Expense Claim	\$ 1,146,266	\$ 1,523,113	\$ 2,023,854 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	1,146,266		
4	Less: Present Rates 12/31/2023		1,146,266	
5	Less: Present Rates 12/31/2024			1,523,113
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ 376,848</u>	<u>\$ 500,740</u>
7	Pro Forma Adjustment:			
8	7183	\$ -	\$ 376,848	\$ 500,740

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense normalizes the cost of services provided by wastewater treatment providers for the Company's Beech Mountain, Cheltenham, East Bradford, East Norriton, Limerick, Media, New Garden and Village at Valley Forge areas. The service providers are Butler Township Sewer Authority, Philadelphia Water Department, West Chester Borough, East Norriton-Plymouth-Whitpain JSA, PA American Water, Nether Providence Township, Avondale, Kennett, and Upper Merion Township.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Claimed Purchased Wastewater Expense	\$ 6,319,296	\$ 8,254,408	\$ 8,707,044	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 12/31/2023	5,995,393			
4	Less: Present Rates 12/31/2023		6,319,296		
5	Less: Present Rates 12/31/2024			\$ 8,254,408	
6	Increase/(Decrease)	<u>\$ 323,903</u>	<u>\$ 1,935,111</u>	<u>\$ 452,636</u>	
7	Pro Forma Adjustment:				
8	7105	\$ 323,903	\$ 1,935,111	\$ 452,636	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Wastewater Intracompany Benefits	\$ 2,662,384	\$ 2,016,957	\$ 2,114,321 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	1,455,845		
4	Less: Present Rates 12/31/2023		2,662,384	
5	Less: Present Rates 12/31/2024			2,016,957
6	Increase/(Decrease)	<u>\$ 1,206,538</u>	<u>\$ (645,427)</u>	<u>\$ 97,364</u>
7	Pro Forma Adjustment:			
8	7048	\$ 1,206,538	\$ (645,427)	\$ 97,364

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

LEGAL EXPENSE

The Company incurs cost for general legal services during the normal course of business to protect and defend the Company's interests in a variety of legal matters. This adjustment normalizes the Company's legal expense claim experienced in the historic test year to levels that are expected to be realized during the first year rates are in effect and more in line with prior experience.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Legal Expense Claim (3 Year Average)	\$ 58,328	\$ 58,328	\$ 58,328 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	233,944		
4	Less: Present Rates 12/31/2023		58,328	
5	Less: Present Rates 12/31/2024			58,328
6	Increase/(Decrease)	<u>\$ (175,616)</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7338	\$ (175,616)	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 12,759,353	\$ 13,496,832	\$ 14,132,709
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 12/31/2023	12,514,888		
4	Less: Present Rates 12/31/2023		12,759,353	
5	Less: Present Rates 12/31/2024			13,496,832
6	Increase/(Decrease)	<u>\$ 244,465</u>	<u>\$ 737,479</u>	<u>\$ 635,877</u>
7	Pro Forma Adjustment:			
8		\$ 244,465	\$ 737,479	\$ 635,877

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
 NOTES TO STATEMENT OF INCOME
 SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 971,014						
2	Present Rates at 12/31/23				\$ 1,016,041				
3	Present Rates at 12/31/24						\$ 1,017,823		
4	Present Rates at 12/31/25								\$ 1,016,940
5	General Assessment Fees By The Pennsylvania Public Utility Commission	20,455		1,210		(600)		112,263	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	24,572		573		(284)		53,124	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
		<hr/>		<hr/>		<hr/>		<hr/>	
9	Pro Forma Adjustment		\$ 45,027		\$ 1,782		\$ (883)		\$ 165,387
10	Pro Forma Present Rates at December 31, 2023		<u>\$ 1,016,041</u>						
11	Pro Forma Present Rates at December 31, 2024				<u>\$ 1,017,823</u>				
12	Pro Forma Present Rates at December 31, 2025						<u>\$ 1,016,940</u>		
13	Pro Forma Proposed Rates at December 31, 2025								<u>\$ 165,387</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 57,541,500	\$ 57,821,248	\$ 57,682,604	\$ 83,640,152
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004324859316	248,859	250,069	249,469	361,732
4	Total General Assessment Fees	\$ 248,859	\$ 250,069	\$ 249,469	\$ 361,732
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 12/31/2023	228,404			
7	Less: Present Rates 12/31/2023		248,859		
8	Less: Present Rates 12/31/2024			250,069	
9	Less: Present Rates 12/31/2025				249,469
10	Increase/(Decrease)	\$ 20,455	\$ 1,210	\$ (600)	\$ 112,263
11	Pro Forma Adjustment:				
12	4081	\$ 20,455	\$ 1,210	\$ (600)	\$ 112,263

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 57,541,500	\$ 57,821,248	\$ 57,682,604	\$ 83,640,152
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001742389526	100,260	100,747	100,506	145,734
4	Small Business Advocate Fee At 0.000303478942	17,463	17,548	17,505	25,383
5	Damage Prevention Fee At 0.000000719937	41	42	42	60
6	Total General Assessment Fees	\$ 117,764	\$ 118,336	\$ 118,053	\$ 171,177
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 12/31/2023	93,192			
9	Less: Present Rates 12/31/2023		117,764		
10	Less: Present Rates 12/31/2024			118,336	
11	Less: Present Rates 12/31/2025				118,053
12	Increase/(Decrease)	\$ 24,572	\$ 573	\$ (284)	\$ 53,124
13	Pro Forma Adjustment:				
14	4081	\$ 24,572	\$ 573	\$ (284)	\$ 53,124

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Claimed Property Tax Expense	\$ 306,067	\$ 306,067	\$ 306,067
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	306,067		
4	Less: Present Rates 12/31/2023		306,067	
5	Less: Present Rates 12/31/2024			306,067
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made move payroll taxes per books to
 Intracompany Benefits, Schedule C-8.1, for ratemaking purposes.

LINE NO.	DESCRIPTION		PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	FICA OASDI				
2	FICA Medicare				
3	FICA Total		-	-	-
4	FUTA				
5	SUTA				
6	Annualized Payroll Taxes		-	-	-
7	Capitalized portion not charged to operating expense	31.67%	-	-	-
8	Sub-Total		-	-	-
9	Less: Amount Charged to Taxes Other Than Income				
10	During the Twelve Months Ended 12/31/2023		343,351		
11	Less: Present Rates 12/31/2023			-	
12	Less: Present Rates 12/31/2024				-
13	Increase/(Decrease)		\$ 343,351	\$ -	\$ -
14	Pro Forma Adjustment:				
15	40812		\$ 343,351	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 12/31/23			PRESENT RATES @ 12/31/24			PRESENT RATES @ 12/31/25		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 2,218,808,602	48.52%	4.26%	\$ 2,204,911,964	45.31%	4.24%	\$ 2,312,128,262	46.05%	4.32%
4 Common Equity		\$ 2,354,604,313	51.48%	10.95%	\$ 2,661,801,067	54.69%	10.95%	\$ 2,708,369,391	53.95%	10.95%
5		<u>\$ 4,573,412,915</u>	<u>100.00%</u>	<u>7.70%</u>	<u>\$ 4,866,713,031</u>	<u>100.00%</u>	<u>7.91%</u>	<u>\$ 5,020,497,653</u>	<u>100.00%</u>	<u>7.90%</u>
6			PRESENT RATES			PRESENT RATES			PRESENT RATES	
7 Calculation of Interest:			12/31/23			12/31/24			12/31/25	
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$ 358,523,317		Schedule G-1 Col 4, Row 15	\$ 372,457,873		Schedule G-1 Col 5, Row 15	\$ 392,798,320	
9 Applicable Percentage			<u>48.52%</u>			<u>45.31%</u>			<u>46.05%</u>	
10 Applicable Portion of Rate Base			\$ 173,938,945			\$ 168,745,684			\$ 180,898,421	
11 Cost Rate			4.26%			4.24%			4.32%	
12 Pro-Forma Long-term Interest Expense			<u>\$ 7,409,799</u>			<u>\$ 7,154,817</u>			<u>\$ 7,814,812</u>	
13 Less: Interest on Long Term Debt Per Books 12/31/23			3,295							
14 Less: Interest on Long Term Debt Present Rates at 12/31/23						7,409,799				
15 Less: Interest on Long Term Debt Present Rates at 12/31/24									7,154,817	
16 Long Term Debt Pro Forma Adjustment			<u>\$ 7,406,504</u>			<u>\$ (254,982)</u>			<u>\$ 659,995</u>	

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ 949	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	(949)	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ (949)	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONSTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Interest During Construction Per Books	\$ (808,107)	\$ -	\$ -
2	Eliminate Interest During Construction	808,107	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 808,107	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES	PROPOSED RATES
			12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ 256,867	\$ (132,858)	\$ (1,098,918)	\$ 3,831,966
2	Less: Per Book	Schedule A-1	2,425,720			
3	Less: Present Rates at 12/31/23			256,867		
4	Less: Present Rates at 12/31/24				(132,858)	
5	Less: Present Rates at 12/31/25					(1,098,918)
6	Pro Forma Adjustment		<u>\$ (2,168,854)</u>	<u>\$ (389,724)</u>	<u>\$ (966,060)</u>	<u>\$ 4,930,884</u>
7	State Income Tax - Current	Schedule F-2	\$ 112,528	\$ 80,194	\$ 138,551	\$ 2,177,551
8	Less: Per Book	Schedule A-1	601,735			
9	Less: Present Rates at 12/31/23			112,528		
10	Less: Present Rates at 12/31/24				80,194	
11	Less: Present Rates at 12/31/25					138,551
12	Pro Forma Adjustment		<u>\$ (489,208)</u>	<u>\$ (32,334)</u>	<u>\$ 58,357</u>	<u>\$ 2,039,000</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 1,745,164	\$ 1,392,839	\$ 1,480,664	\$ 1,480,664
14	Less: Per Book	Schedule A-1	2,396,570			
15	Less: Present Rates at 12/31/23			1,745,164		
16	Less: Present Rates at 12/31/24				1,392,839	
17	Less: Present Rates at 12/31/25					1,480,664
18	Pro Forma Adjustment		<u>\$ (651,405)</u>	<u>\$ (352,325)</u>	<u>\$ 87,825</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ (35,469)	\$ (33,497)	\$ -	\$ -
20	Less: Per Book	Schedule A-1	(2,026)			
21	Less: Present Rates at 12/31/23			(35,469)		
22	Less: Present Rates at 12/31/24				(33,497)	
23	Less: Present Rates at 12/31/25					-
24	Pro Forma Adjustment		<u>\$ (33,443)</u>	<u>\$ 1,972</u>	<u>\$ 33,497</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES 12/31/25		
		FEDERAL (3)	STATE (4)	FEDERAL (5)	STATE (6)	FEDERAL (7)	STATE (8)	FEDERAL (9)	STATE (10)	
1	Utility Operating Income Before Tax	Schedule A-1	\$ 18,334,100	\$ 18,334,100	\$ 16,813,117	\$ 16,813,117	\$ 12,988,633	\$ 12,988,633	\$ 38,508,031	\$ 38,508,031
2	Interest Expense	Schedule A-1	(7,409,799)	(7,409,799)	(7,154,817)	(7,154,817)	(7,814,812)	(7,814,812)	(7,814,812)	(7,814,812)
3	State Income Tax	[12]	(112,528)		(80,194)		(138,551)		(2,177,551)	
4	Tax Repair Deduction		(5,017,876)	(5,017,876)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)
5	Book Depreciation	Schedule A-1	12,759,353	12,759,353	13,496,832	13,496,832	14,132,709	14,132,709	14,132,709	14,132,709
6	Tax Depreciation		(17,367,400)	(17,451,403)	(18,415,380)	(18,499,383)	(19,814,747)	(19,890,523)	(19,814,747)	(19,890,523)
7	COR & Other Basis Differences, net of book		37,324	37,324	(832,214)	(832,214)	(126,176)	(126,176)	(126,176)	(126,176)
8	Taxable Income	Sum of Lines [1] : [7]	\$ 1,223,174	\$ 1,251,699	\$ (632,656)	\$ (636,465)	\$ (5,232,943)	\$ (5,170,169)	\$ 18,247,455	\$ 20,349,230
9	Income Tax Rate		21.00%	8.99%	21.00%	8.49%	21.00%	7.99%	21.00%	7.99%
10	Pro Forma Income Tax : Current	[8] * [9]	256,867	112,528	(132,858)	(54,036)	(1,098,918)	(413,096)	3,831,966	1,625,903
11	Other - NOL		-	-	-	134,230	-	551,647	-	551,647
12	Total - Current Income Tax	[10] + [11]	\$ 256,867	\$ 112,528	\$ (132,858)	\$ 80,194	\$ (1,098,918)	\$ 138,551	\$ 3,831,966	\$ 2,177,551
13	Normalized Book Depreciation		(8,553,659)	-	(12,153,050)	-	(12,754,931)	-	(12,754,931)	-
14	Normalized Tax Depreciation		17,367,400	-	18,415,380	-	19,814,747	-	19,814,747	-
15	Normalized Basis Differences		(37,324)	-	832,214	-	126,176	-	126,176	-
16	Income Tax Rate		21.00%	7.10%	21.00%	6.71%	21.00%	6.31%	21.00%	6.31%
17	Deferred Income Tax - Tax/Book Depreciation	([13] + [14] + [15]) * [16]	1,843,048	-	1,489,854	-	1,509,058	-	1,509,058	-
18	Deferred Income Tax - Federal NOL/PA NOL (Historical only)		-	-	-	-	-	-	-	-
19	Flowback of Catch Up Adjustment		(55,013)	(35,469)	(55,013)	(33,497)	-	-	-	-
20	Flowback of TCJA 2017 (ARAM) - Protected		(43,421)	-	(42,553)	-	(28,945)	-	(28,945)	-
21	Flowback of TCJA 2017 - 10 Years		551	-	551	-	551	-	551	-
22	Flowback of Tax Repairs Historical UTP		-	-	-	-	-	-	-	-
23	Flowback of Tax Repairs Collar		-	-	-	-	-	-	-	-
24	Total Flow Through	Sum of Lines [19] : [23]	(97,883)	(35,469)	(97,015)	(33,497)	(28,394)	-	(28,394)	-
25	Total - Deferred Income Tax	[17] + [18] + [24]	\$ 1,745,164	\$ (35,469)	\$ 1,392,839	\$ (33,497)	\$ 1,480,664	\$ -	\$ 1,480,664	\$ -
26	Amortization of Income Tax Credit		-	-	-	-	-	-	-	-
27	Total - Income Tax	[12] + [25] + [26]	\$ 2,002,031	\$ 77,059	\$ 1,259,981	\$ 46,697	\$ 381,746	\$ 138,551	\$ 5,312,630	\$ 2,177,551

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

RATE BASE AS OF DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST		ORIGINAL COST	
		12/31/23	12/31/24	12/31/25	
(1)	(2)	(3)	(4)	(5)	
1	Utility Plant in Service	Schedule G-2	\$ 574,603,489	\$ 602,778,002	\$ 637,496,786
2	Utility Plant Acquisition Adjustment	Schedule G-3	1,259,216	1,157,873	1,056,529
3			575,862,706	603,935,875	638,553,315
4	Less: Accumulated Depreciation	Schedule G-2	(183,282,942)	(196,145,527)	(209,545,011)
5	Net Plant in Service		<u>392,579,764</u>	<u>407,790,348</u>	<u>429,008,304</u>
6	Additions:				
7	Materials & Supplies	Schedule G-4	-	-	-
8	Cash Working Capital	Schedule G-5	1,247,000	1,247,000	1,247,000
9			<u>1,247,000</u>	<u>1,247,000</u>	<u>1,247,000</u>
10	Deductions:				
	Contributions in Aid of Construction and				
11	Customer Advances for Construction	Schedule G-6	(24,872,177)	(24,594,178)	(24,703,546)
12	Deferred Income Taxes	Schedule G-7	(10,431,270)	(11,985,297)	(12,753,439)
13	Investment Tax Credit		-	-	-
14			<u>(35,303,447)</u>	<u>(36,579,475)</u>	<u>(37,456,985)</u>
15	Total Rate Base		<u>\$ 358,523,317</u>	<u>\$ 372,457,873</u>	<u>\$ 392,798,320</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Utility Plant in Service	\$ 574,603,489	\$ 574,603,489	\$ 602,778,002
2	Plus: Additions		29,056,854	35,929,062
3	Less: Retirements		(882,342)	(1,210,278)
4	Utility Plant in Service	<u>\$ 574,603,489</u>	<u>\$ 602,778,002</u>	<u>\$ 637,496,786</u>
5	Accumulated Depreciation	<u>(183,282,942)</u>	<u>(196,145,527)</u>	<u>(209,545,011)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

The following adjustment reflects the recognition of the positive Utility Plant Acquisition Adjustments (UPAA) associated with the acquisition of various water utility assets pursuant to the terms of the Commission-approved settlement of the Company's rate cases at Docket Nos. R-00072319, R-2008-2081738, and R-2010-2207833, and R-2018-3003558.

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		PRESENT RATES		PRESENT RATES	
						12/31/2023 BALANCE	FTY AMORTIZATIONS	12/31/2024 BALANCE	FPFTY AMORTIZATIONS	12/31/2025 BALANCE	
1	Rivercrest	R-00072319	\$ 41,118	6/27/2002	10/06 - 9/26	\$ 5,654	\$ 2,056	\$ 3,598	\$ 2,056	\$ 1,542	
2	White Haven	R-2008-2081738	267,972	3/11/2002	10/08 - 9/28	63,644	13,399	50,245	13,399	36,847	
3	Masthope	R-2010-2207833	309,404	1/20/2006	6/11 - 5/31	116,026	15,470	100,556	15,470	85,086	
4	Treasure Lake	R-2018-3003558	1,298,027	2/28/2012	4/19 - 3/39	989,746	64,901	924,844	64,901	859,943	
5	Bunker Hill WW	R-2018-3003558	35,598	8/11/2015	4/19 - 3/39	27,144	1,780	25,364	1,780	23,584	
6	Avon Grove	R-2018-3003558	74,758	9/7/2017	4/19 - 3/39	57,003	3,738	53,265	3,738	49,527	
7	Effect to Rate Base Element		<u>\$ 2,026,877</u>			<u>\$ 1,259,216</u>	<u>\$ 101,344</u>	<u>\$ 1,157,873</u>	<u>\$ 101,344</u>	<u>\$ 1,056,529</u>	

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	December	2022	\$ -
2	January	2023	-
3	February	2023	-
4	March	2023	-
5	April	2023	-
6	May	2023	-
7	June	2023	-
8	July	2023	-
9	August	2023	-
10	September	2023	-
11	October	2023	-
12	November	2023	-
13	December	2023	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u> </u>
17	At 12/31/2024 and 12/31/2025		<u><u>\$ -</u></u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 1,707,000	\$ 1,707,000	\$ 1,707,000
2	Cash Working Capital - Taxes	Schedule G-5.3	332,000	332,000	332,000
3	Cash Working Capital - Interest	Schedule G-5.4	(792,000)	(792,000)	(792,000)
4	Total Cash Working Capital Requirement		\$ 1,247,000	\$ 1,247,000	\$ 1,247,000

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	December	2022	\$ 7,130,340
2	January	2023	5,536,846
3	February	2023	6,855,431
4	March	2023	4,756,415
5	April	2023	5,397,316
6	May	2023	4,930,228
7	June	2023	5,908,335
8	July	2023	5,719,491
9	August	2023	5,352,732
10	September	2023	6,678,882
11	October	2023	5,473,376
12	November	2023	5,448,339
13	December	2023	6,470,309
14	Total		\$ 75,658,040
15	Average Accounts Receivable Balance		\$ 5,819,849
16	Gross Utility Wastewater Revenues recorded During the Twelve Months Ended 12/31/2023		\$ 58,270,675
16	Average Daily Billing		\$ 159,646
18	Lag in Receipt of Payment		36.5
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u>53.7</u>

Reference:
 (a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 1,803,177	5.5	(a)	\$ 9,917,472
2	Non-Union Labor	1,720,692	9.0	(a)	15,486,229
3	Management Fee	2,529,850	15.7	(a)	39,718,640
4	Electric Power	1,767,231	43.3	(a)	76,521,113
5	Purchased Wastewater	8,825,200	49.8	(a)	439,494,967
6	Employee Group Insurance	2,114,321	16.3	(a)	34,463,437
7	Liability Insurance	31,224	(46.4)	(a)	(1,448,815)
8	SFI Postage	132,592	(5.4)	(a)	(715,996)
9	Pension	0	440.0	(a)	0
10	SFAS106	0	45.1	(a)	0
11	All Other Expenses (b)	9,788,145	31.3	(a)	306,368,942
12	Total	<u>\$ 28,712,433</u>			<u>\$ 919,805,990</u>
13	Average Lag Days in Payment of Expenses		<u>32.0</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>53.7</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>21.7</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 78,664	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 1,707,013	[16] * [18]	
20	USE		<u>\$ 1,707,000</u>	* Rounded to nearest thousandth	

Reference:

- (a) Developed in Exhibit 7.
- (b) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 249,469	(198.5)	(a)	\$ (49,519,626)
2	OCA & SBA - General Assessments	118,053	(198.5)	(a)	(23,433,431)
3	Public Utility Realty Tax	-	(48.3)	(a)	-
4	Local, County, School, & Municipal Tax	306,067	(92.9)	(a)	(28,433,634)
5	FICA Taxes - Hourly	-	5.5	(a)	-
6	FICA Taxes - Executive & Exempt	-	9.0	(a)	-
7	Federal Unemployment Tax	-	75.9	(a)	-
8	PA Unemployment Tax	-	75.9	(a)	-
9	PA State Income Tax	138,551	36.5	(a)	5,057,100
10	Federal Income Tax	(1,098,918)	36.5	(a)	(40,110,510)
11	Total	<u>\$ (286,779)</u>			<u>\$ (136,440,100)</u>
12	Average Lag Days in Payment of Taxes		<u>475.8</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>53.7</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(422.1)</u>	[13] - [12]	
16	WORKING CAPITAL REQUIREMENT				
17	Pro-forma Annual Tax Expense Per Day		\$ (786)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 331,642	[15] * [17]	
19	USE		<u>\$ 332,000</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 7,810,195	90.8	(a)	\$ 708,775,160
2	PennVest-Interest	4,617	14.7	(a)	67,911
3	Total	<u>\$ 7,814,812</u>			<u>\$ 708,843,071</u>
4	Average Lag Days in Payment of Interest		<u>90.7</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>53.7</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(37.0)</u>	[5] - [4]	
8	WORKING CAPITAL REQUIREMENT				
9	Pro-forma Annual Interest Expense Per Day		\$ 21,410		
10	Cash Working Capital Required		\$ (792,186)		
11	USE		<u>\$ (792,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 24,872,177	\$ 24,872,177	\$ 24,594,178
2	Plus: Contributions		409,121	802,735
3	Less: Amortization		<u>(687,120)</u>	<u>(693,367)</u>
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (24,872,177)</u>	<u>\$ (24,594,178)</u>	<u>\$ (24,703,546)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - WW BASE

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ 10,431,270	\$ 10,431,270	\$ 11,985,297
2	Change in Deferred Tax	Schedule F-2		1,554,027	768,142
3	Deferred Income Taxes		<u>\$ (10,431,270)</u>	<u>\$ (11,985,297)</u>	<u>\$ (12,753,439)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

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AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

TABLE OF CONTENTS TO EXHIBIT 1-D WASTEWATER LOWER MAKEFIELD

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AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
 PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	(1)	PRESENT RATES			PRESENT RATES			PRESENT RATES			PROPOSED
		PER BOOKS	ADJUSTMENT	12/31/23 AMOUNT	ADJUSTMENT	12/31/24 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	RATES AMOUNT	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
1	Operating Revenues	\$ 11,809,110	\$ (195,280)	\$ 11,613,830	\$ -	\$ 11,613,830	\$ -	\$ 11,613,830	\$ 3,526,708	\$ 15,140,538	
2	Operating Expenses	4,737,346	1,242,096	5,979,441	1,074,156	7,053,597	628,724	7,682,321	37,059	7,719,380	
3	Depreciation	914,836	1,337,249	2,252,085	(49,097)	2,202,988	(12,449)	2,190,539		2,190,539	
4	Taxes, other than income :										
5	PUC assessment	-	50,228	50,228	-	50,228	-	50,228	15,253	65,481	
6	OCA & SBA assessments	-	23,769	23,769	-	23,769	-	23,769	7,218	30,986	
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-	
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-	
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-	
10	Federal & State payroll tax	16,873	-	16,873	-	16,873	-	16,873	-	16,873	
11	Total Taxes, other than income	16,873	73,997	90,870	-	90,870	-	90,870	22,470	113,340	
12	Utility Operating Income Before Tax	6,140,056	(2,848,622)	3,291,434	(1,025,059)	2,266,375	(616,275)	1,650,100	3,467,179	5,117,279	
13	Income Taxes:										
14	Federal Tax-Current	-	442,606	442,606	(170,630)	271,977	(116,052)	155,925	669,932	825,857	
15	Pa. CNI Tax-Current	-	208,194	208,194	(88,037)	120,158	(55,680)	64,478	277,028	341,505	
16	Federal Tax-Deferred	-	(24,991)	(24,991)	(3,442)	(28,433)	(5,280)	(33,713)	-	(33,713)	
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-	
18	ITC-Current	-	-	-	-	-	-	-	-	-	
19	ITC-Amortized	-	-	-	-	-	-	-	-	-	
20	Total Income Taxes	-	625,810	625,810	(262,108)	363,702	(177,012)	186,690	946,960	1,133,650	
21	Total Operating Revenue Deductions	5,669,054	3,279,151	8,948,206	762,951	9,711,157	439,263	10,150,420	1,006,489	11,156,909	
22	Utility Operating Income	6,140,056	(3,474,432)	2,665,624	(762,951)	1,902,673	(439,263)	1,463,410	2,520,220	3,983,630	
23	Income Deductions:										
24	Interest on Long-Term debt	-	1,094,595	1,094,595	(108,112)	986,483	17,175	1,003,658		1,003,658	
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-		-	
26	Other interest charges	-	-	-	-	-	-	-		-	
27	Interest during Construction	(21,534)	21,534	-	-	-	-	-		-	
28	Total Income Deductions	(21,534)	1,116,128	1,094,595	(108,112)	986,483	17,175	1,003,658	-	1,003,658	
29	Net Income	\$ 6,161,589	\$ (4,590,560)	\$ 1,571,029	\$ (654,839)	\$ 916,190	\$ (456,438)	\$ 459,752	\$ 2,520,220	\$ 2,979,972	
30	Preferred Dividend										
31	Net Income-Common	\$ 6,161,589	\$ (4,590,560)	\$ 1,571,029	\$ (654,839)	\$ 916,190	\$ (456,438)	\$ 459,752	\$ 2,520,220	\$ 2,979,972	

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NUMBER OF CUSTOMERS SERVED
 AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 12/31/2022	SERVED AT 12/31/2023	TO BE SERVED AT 12/31/2024	TO BE SERVED AT 12/31/2025	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	11,132	11,168	11,168	11,168	11,168	-	-
2	Commercial	267	270	270	270	270	-	-
3	Industrial	-	-	-	-	-	-	-
4	Public	7	7	7	7	7	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	11,406	11,445	11,445	11,445	11,445	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN
AT CURRENT AND PROPOSED RATES DECEMBER 31, 2025

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	50,447,179
2	Recommended Rate of Return	Schedule E-1	X	7.90%
3	Operating Income, Pro Forma Proposed Rates		= \$	3,983,630
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	1,463,410
5	Operating Income Deficit		= \$	2,520,220
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.3994
7	Revenue Deficit		= \$	3,526,708

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN
EARNED IN THE YEAR ENDED DECEMBER 31, 2023 AND
ANTICIPATED UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2025

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates December 31, 2023	\$ 2,665,624	\$ 52,961,998	5.03%
2	Present Rates December 31, 2024	\$ 1,902,673	\$ 51,353,282	3.71%
3	Present Rates December 31, 2025	\$ 1,463,410	\$ 50,447,179	2.90%
4	Proposed Rates December 31, 2025	\$ 3,983,630	\$ 50,447,179	7.90%

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.637% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.051% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9831
7	State Tax Rate	7.990%
8	State Tax \$\$ =====>	\$ 0.0786
9	State Factor	\$ 0.9046
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1900
12	Combined Income Tax Factor on Gross Revenues	26.85%
13	Net Operating Income Factor	71.46%
14	Gross Revenue Conversion Factor	1.39937

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
 STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		REVENUE RATE INCREASE		PROPOSED RATES AMOUNT
		12/31/23	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	%	\$		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	Residential	\$ 9,900,220	\$ (141,113)	\$ 9,759,107	\$ -	\$ 9,759,107	\$ -	\$ 9,759,107	42.7%	\$ 4,166,514	\$ 13,925,620	
2	Commercial	1,799,179	(58,488)	1,740,691	-	1,740,691	-	1,740,691	-34.7%	(604,337)	1,136,354	
3	Industrial	-	-	-	-	-	-	-	0.0%	-	-	
4	Public	51,982	3,906	55,889	-	55,889	-	55,889	-63.5%	(35,468)	20,420	
5	Other	-	-	-	-	-	-	-	0.0%	-	-	
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-	
7	Total Sales to General Customers	11,751,382	(195,695)	11,555,687	-	11,555,687	-	11,555,687	30.5%	3,526,708	15,082,395	
8	Forfeited Discounts	47,145	-	47,145	-	47,145	-	47,145	0.0%	-	47,145	
9	Other WW Revenues	10,583	-	10,583	-	10,583	-	10,583	0.0%	-	10,583	
10	Miscellaneous WW Service Revenues	-	415	415	-	415	-	415	0.0%	-	415	
11	Total Other WW Revenues	57,728	415	58,143	-	58,143	-	58,143	0.0%	-	58,143	
12	Total Operating Revenue	\$ 11,809,110	\$ (195,280)	\$ 11,613,830	\$ -	\$ 11,613,830	\$ -	\$ 11,613,830	30.4%	\$ 3,526,708	\$ 15,140,538	

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 11,809,110				
2	Present Rates at 12/31/23					\$ 11,613,830		
3	Present Rates at 12/31/24							\$ 11,613,830
4	Unbilled Revenue Adjustment	Schedule B-3	(175,866)		-		-	
5	Page Held For Future Use	Schedule B-4	-		-		-	
6	Page Held For Future Use	Schedule B-5	-		-		-	
7	Page Held For Future Use	Schedule B-6	-		-		-	
8	Miscellaneous Revenue Adjustments	Schedule B-7	(19,414)		-		-	
9	Pro Forma Adjustment			<u>(195,280)</u>		<u>-</u>		<u>-</u>
10	Pro Forma Present Rates at December 31, 2023			<u>\$ 11,613,830</u>				
11	Pro Forma Present Rates at December 31, 2024					<u>\$ 11,613,830</u>		
12	Pro Forma Present Rates at December 31, 2025							<u>\$ 11,613,830</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 12/31/2023 AMOUNT
1	Residential	\$ 127,096
2	Commercial	52,667
3	Industrial	-
4	Public	(3,897)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>175,866</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 175,866</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
-------------	-------------

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE	DESCRIPTION
NO.	

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
-------------	-------------

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 ADJUSTMENT	PRESENT RATES 12/31/2024 ADJUSTMENT	PRESENT RATES 12/31/2023 ADJUSTMENT
1	Residential	(a) \$ (11,682)		(b) \$ (2,335)
2	Commercial			(b) (5,821)
3	Industrial			
4	Public			(b) 9
5	Other			
6	Availability Charge			
7	Total Sales to General Customers	<u>(11,682)</u>	<u>-</u>	<u>(8,147)</u>
8	Forfeited Discounts			
9	Other WW Revenues			
10	Miscellaneous WW Service Revenues			(b) <u>415</u>
11	Total Other WW Revenues	<u>-</u>	<u>-</u>	<u>415</u>
12	Total Operating Revenue	<u>\$ (11,682)</u>	<u>\$ -</u>	<u>\$ (7,732)</u>

- (a) Deduct Meter Credits
- (b) Refer to AP Statement No. 10

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7011	Labor	37,740	37,740	23,183	23,799
4	7041	Employee Benefits	7,651	7,651	7,408	7,329
5	7151	Purchased Power	49,768	52,609	52,418	65,314
6	7361	OS Other	11,179	11,179	11,450	11,713
7	7501	Transportation	2,173	2,173	2,225	2,277
8	7751	Other	10,472	10,472	10,726	10,973
9		-Maintenance-				
10	7012	Labor	1,298	1,298	798	819
11	7042	Employee Benefits	250	250	242	240
12	7202	Supplies	2,157	2,157	2,209	2,260
13	7362	OS Other	115,901	115,901	118,712	121,442
14	7502	Transportation	94	94	96	98
15	7752	Other	5,797	5,797	5,938	6,074
16						
17		Total Collection Expense	\$ 244,480	\$ 247,322	\$ 235,406	\$ 252,338
18						
19		--Pumping--				
20		-Operations-				
21	7013	Labor	9,514	9,514	5,844	6,000
22	7043	Employee Benefits	2,013	2,013	1,949	1,928
23	7203	Supplies	891	891	912	933
24	7363	OS Other	6,363	6,363	6,517	6,667
25	7503	Transportation	595	595	609	623
26	7753	Other	686	686	702	718
27		-Maintenance-				
28	7204	Supplies	5,211	5,211	5,338	5,460
29	7364	OS Other	65,325	65,325	66,910	68,448
30	7754	Other	2,380	2,380	2,438	2,494
31						
32		Total Pumping Expense	\$ 92,978	\$ 92,978	\$ 91,219	\$ 93,273

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23 (3)	PRESENT RATES 12/31/23 (4)	PRESENT RATES 12/31/24 (5)	PRESENT RATES 12/31/25 (6)
33						
34		--Treatment & Disposal--				
35		-Operations-				
36	7015	Labor	108,498	108,498	66,647	68,418
37	7045	Employee Benefits	38,178	38,178	36,966	36,572
38	7105	Purchased Wastewater	4,029,647	4,394,824	5,604,104	6,154,656
39	7115	Sludge	15,158	15,158	15,525	15,882
40	7365	OS Other	7,251	7,251	7,427	7,598
41	7505	Transportation	6,771	6,771	6,935	7,095
42		-Maintenance-				
43	7366	OS Other	10,901	10,901	11,165	11,422
44						
45		Total Treatment & Disposal Expense	\$ 4,216,403	\$ 4,581,580	\$ 5,748,770	\$ 6,301,643
46						
47		--Reclaimed Water Treatment--				
48		-Operations-				
49						
50						
51		--Customer Accounting--				
52	7707	Bad Debt	21,122	121,428	121,428	121,428
53						
54		Total Customer Accounting Expense	\$ 21,122	\$ 121,428	\$ 121,428	\$ 121,428
55						
56		--Administrative and General--				
57	7018	Labor	97,007	97,007	59,588	61,172
58	7038	Labor	1,149	1,149	706	725
59	7048	Employee Benefits	18,245	105,032	47,493	50,491
60	7208	Supplies	3,913	3,913	4,008	4,100
61	7318	OS Engineer	45,670	45,670	46,778	47,853
62	7328	OS Accounting	-	15,451	15,191	15,309
63	7349	Management Fees	-	658,772	678,873	699,392
64	7368	OS Other	14,086	14,086	14,428	14,760

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
65	7508	Transportation	5,433	5,433	5,565	5,693
66	7578	Insurance	-	10,018	5,854	6,512
67	7588	Insurance	-	729	590	616
68	7598	Insurance	-	2,013	1,403	1,504
69	7758	Other	(23,140)	(23,140)	(23,701)	(24,247)
70	7668	Amortization of Rate Case	-	-	-	29,760
71						
72		Total Admin & General Expense	\$ 162,362	\$ 936,134	\$ 856,775	\$ 913,640
73						
74		Total Operating Expenses	\$ 4,737,346	\$ 5,979,441	\$ 7,053,597	\$ 7,682,321

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 12/31/23	ADJUSTMENTS 12/31/23	PRESENT RATES 12/31/23	ADJUSTMENTS 12/31/24	PRESENT RATES 12/31/24	ADJUSTMENTS 12/31/25	PRESENT RATES 12/31/25
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 255,207	\$ -	\$ 255,207	\$ (98,441)	\$ 156,765	\$ 4,167	\$ 160,932
2 Employee Benefits	66,336	86,788	153,124	(59,065)	94,059	2,500	96,559
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	4,029,647	365,177	4,394,824	1,209,280	5,604,104	550,552	6,154,656
5 Sludge	15,158	-	15,158	368	15,525	357	15,882
6 Purchased Power	49,768	2,841	52,609	(191)	52,418	12,896	65,314
7 Chemicals	-	-	-	-	-	-	-
8 Supplies	12,172	-	12,172	295	12,467	287	12,754
9 OS Engineer	45,670	-	45,670	1,107	46,778	1,076	47,853
10 OS Accounting	-	15,451	15,451	(260)	15,191	118	15,309
11 OS Legal	-	-	-	-	-	-	-
12 OS Lab Testing	-	-	-	-	-	-	-
13 OS Other	231,007	-	231,007	5,602	236,609	5,442	242,051
14 Management Fees	-	658,772	658,772	20,101	678,873	20,519	699,392
15 Leases	-	-	-	-	-	-	-
16 Transportation	15,066	-	15,066	365	15,431	355	15,786
17 Insurance	-	12,761	12,761	(4,914)	7,847	785	8,632
18 Other	(3,806)	-	(3,806)	(92)	(3,898)	(90)	(3,987)
19 Bad Debt	21,122	100,306	121,428	-	121,428	-	121,428
20 Amortization of Rate Case	-	-	-	-	-	29,760	29,760
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 4,737,346		\$ 5,979,441		\$ 7,053,597		\$ 7,682,321
25 Pro Forma Adjustments		\$ 1,242,096		\$ 1,074,156		\$ 628,724	
26 Uncollectibles @ Proposed Rates							\$ 37,059
27 Proposed Rates @ 12/31/25							\$ 7,719,380

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION (1)	REFERENCE (2)	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25	
			ADJUSTMENT (3)	AMOUNT (4)	ADJUSTMENT (5)	AMOUNT (6)	ADJUSTMENT (7)	AMOUNT (8)
1	Per Books			\$ 4,737,346		\$ 5,979,441		\$ 7,053,597
2	Present Rates at 12/31/23							
3	Present Rates at 12/31/24							
4	General Price Level Adjustment	Schedule C-4.1	-		11,494		11,166	
5	Uncollectible Accounts	Schedule C-4.2	100,306		-		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		29,760	
8	Payroll	Schedule C-4.5	-		(98,441)		4,167	
9	Insurance Expense	Schedule C-4.6	12,761		(4,914)		785	
10	Management Service & Sundry	Schedule C-4.7	658,772		16,252		16,780	
11	Page Held For Future Use	Schedule C-4.8	-		-		-	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	-		-		-	
13	Specific Expenses Not Subject To Increase	Schedule C-4.10	-		-		-	
14	Audit Fee Expense	Schedule C-4.11	15,451		(260)		118	
15	Page Held For Future Use	Schedule C-5.1	-		-		-	
16	Purchased Power Expense	Schedule C-6.1	2,841		(191)		12,896	
17	Chemicals	Schedule C-6.2	-		-		-	
18	Purchased Wastewater Treatment Expense	Schedule C-7.1	365,177		1,209,280		550,552	
19	Employee Benefits	Schedule C-8.1	86,788		(59,065)		2,500	
			<hr/>		<hr/>		<hr/>	
20	Pro Forma Adjustments			\$ 1,242,096		\$ 1,074,156		\$ 628,724
21	Pro Forma Present Rates at December 31, 2023			<u>\$ 5,979,441</u>				
22	Pro Forma Present Rates at December 31, 2024					<u>\$ 7,053,597</u>		
23	Pro Forma Present Rates at December 31, 2025							<u>\$ 7,682,321</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 12/31/2023	\$ 5,979,441	
3	Present Rates 12/31/2024		\$ 7,053,597
4	<i>Less amounts specifically adjusted in this filing or not otherwise subject to inflation:</i>		
5	Labor	255,207	156,765
6	Employee Benefits	153,124	94,059
7	Purchased Wastewater	4,394,824	5,604,104
8	Sludge	-	-
9	Purchased Power	52,609	52,418
10	Chemicals	-	-
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	15,451	15,191
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	-	-
17	Management Fees	500,061	516,313
18	Leases	-	-
19	Transportation	-	-
20	Insurance	12,761	7,847
21	Other	-	-
22	Bad Debt	121,428	121,428
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 5,505,463	\$ 6,568,126
28	Total Operating Expenses Subject to Effects of Inflation	\$ 473,978	\$ 485,472
29	Inflation Factor - Schedule C-4.1.i	2.425%	2.300%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 11,494	\$ 11,166

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	First Quarter	2024	2.500% (a)
2	Second Quarter	2024	2.500% (a)
3	Third Quarter	2024	2.400% (a)
4	Fourth Quarter	2024	2.300% (a)
5	Annual Average for the Period Ending 12/31/2024		2.425%
6	First Quarter	2025	2.300% (b)
7	Second Quarter	2025	2.300% (b)
8	Third Quarter	2025	2.300% (b)
9	Fourth Quarter	2025	2.300% (b)
10	Annual Average for the Period Ending 12/31/2025		2.300%

Source:

- (a) Blue Chip Economic Indicators Volume 48, No. 8, August 11, 2023, Page 5, Forecasted Future Periods
- (b) 2025 not available in Blue Chip Report. Used Prior Quarter, Q4-2024.

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended December 31, 2023, the Company experienced an average uncollectible accounts factor of 1.05080% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 11,751,382	\$ 11,555,687	\$ 11,555,687	\$ 11,555,687
2	Annualized Uncollectible Account based on Experience Factor @ 1.05080%		121,428	121,428	121,428
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 12/31/2023		21,122		
5	Less: Present Rates 12/31/2023			121,428	
6	Less: Present Rates 12/31/2024				121,428
7	Increase/(Decrease)		<u>\$ 100,306</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 100,306	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2025 AMOUNT
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AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a twenty-four month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		400,000		
4	Rate of Return		95,000		
5	Notices and Postage		450,000		
6	Miscellaneous		65,000		
7	Total	\$	2,610,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	88.67%	\$ 2,314,287	\$ 1,157,144	
10	Wastewater	11.33%	\$ 295,713	\$ 147,857	
11	Wastewater - Current Exhibit	2.28%	\$ 59,520	\$ 29,760	
12	Normalization Period		24 Months		
13			PRESENT RATES	PRESENT RATES	
14			12/31/2024	12/31/2025	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 24 Month Normalized Basis	\$	-	\$ 29,760	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 12/31/2023		-		
19	Less: Present Rates 12/31/2024			-	
20	Increase/(Decrease)	\$	-	\$ 29,760	
21	Pro Forma Adjustment:				
22	7668			\$ 29,760	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Non-Union Payroll				
2	Gross Payroll		\$ -	\$ -	
3	Capital Payroll		-	-	
4	Non-Operating Payroll		-	-	
5	Expense Payroll	-	-	-	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ -	\$ -	
7	Union Payroll				
8	Gross Payroll		\$ 233,456	\$ 239,661	
9	Capital Payroll		73,935	75,901	
10	Non-Operating Payroll		2,755	2,828	
11	Expense Payroll	255,207	156,765	160,932	‡
12	Union Expense Payroll Increase/(Decrease)		\$ (98,441)	\$ 4,167	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ (98,441)</u>	<u>\$ 4,167</u>	
14	Pro Forma Adjustment:				
15	7011		\$ (14,558)	\$ 616	
16	7012		\$ (501)	\$ 21	
17	7013		\$ (3,670)	\$ 155	
18	7015		\$ (41,851)	\$ 1,772	
19	7018		\$ (37,419)	\$ 1,584	
20	7038		\$ (443)	\$ 19	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES		
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	General Liability	\$ 14,662	\$ 9,733	\$ 10,706
2	Workers Compensation	1,067	325	357
3	Other (Exec Risk, Property, Surety Bond)	2,946	1,427	1,570
4		<u>18,676</u>	<u>11,485</u>	<u>12,633</u>
5	Capitalized portion not charged to operating expense	31.67% (5,915)	(3,637)	(4,001)
6	Subtotal Insurance	<u>\$ 12,761</u>	<u>\$ 7,847</u>	<u>\$ 8,632</u>
7	Less: Amount Charged to Operating Expense			
8	During the Twelve Months Ended 12/31/2023	-		
9	Less: Present Rates 12/31/2023		12,761	
10	Less: Present Rates 12/31/2024			7,847
11	Increase/(Decrease)	<u>\$ 12,761</u>	<u>\$ (4,914)</u>	<u>\$ 785</u>
12	Pro Forma Adjustment:			
13	7578	\$ 10,018	\$ (4,164)	\$ 665
14	7588	\$ 729	\$ (139)	\$ 22
15	7598	\$ 2,013	\$ (611)	\$ 98

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Management Fees Labor & Benefits	\$ 500,061	\$ 500,061	\$ 516,313	‡
2	Payroll & Benefit Increase		16,252	16,780	‡
3	Management Fees All Other	158,712	158,712	158,712	
4	Total Expense Claim	\$ 658,772	\$ 675,024	\$ 691,804	
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		658,772		
8	Less: Present Rates 12/31/2024			675,024	
9	Increase/(Decrease)	\$ 658,772	\$ 16,252	\$ 16,780	
10	Pro Forma Adjustment:				
11	7349	\$ 658,772	\$ 16,252	\$ 16,780	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1				
2				
3				
4				
5				
6				
7	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:			
9				
10				
11				
12				

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INCREASE

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth.
 These amounts are eliminated from the eligible Operating Expenses subject to increase on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Leases	\$ -	\$ -	\$ - ‡
2	Total Specific Expenses Not Subject to Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 52,008	\$ 52,008	\$ 64,904	
2	Claimed Purchased Power Expense - Gas	601	411	411	
3		<u>\$ 52,609</u>	<u>\$ 52,418</u>	<u>\$ 65,314</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 12/31/2023	49,768			
6	Less: Present Rates 12/31/2023		52,609		
7	Less: Present Rates 12/31/2024			52,418	
8	Increase/(Decrease)	<u>\$ 2,841</u>	<u>\$ (191)</u>	<u>\$ 12,896</u>	
9	Pro Forma Adjustment:				
10	7151	\$ 2,841	\$ (191)	\$ 12,896	
11	7153	\$ -	\$ -	\$ -	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ -	\$ -	\$ -	
15	7163	\$ -	\$ -	\$ -	
16	7165	\$ -	\$ -	\$ -	
17	7168	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 12/31/2023 AMOUNT	FUTURE KW HOURS	PRESENT RATES 12/31/2024 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 12/31/2025 AMOUNT
1	PECO	Lower Makefield	533,294	\$ 52,008	533,294	\$ 52,008	533,294	\$ 64,904
2				<u>\$ 52,008</u>		<u>\$ 52,008</u>		<u>\$ 64,904</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 12/31/2023 AMOUNT	FUTURE THERMS	PRESENT RATES 12/31/2024 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 12/31/2025 AMOUNT
1	PECO	Lower Makefield	202	\$ 601	132	\$ 411	132	\$ 411
2				<u>\$ 601</u>		<u>\$ 411</u>		<u>\$ 411</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The company is not making a claim for chemical expenses for Lower Makefield in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Chemical Expense Claim	\$ -	\$ -	\$ - ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7183	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense normalizes the cost of services provided by wastewater treatment providers for the Company's Lower Makefield service area. The service providers are Bucks County Water and Sewer Authority, Morrisville Municipal Authority, the Township of Falls Authority, and Yardley Borough.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Claimed Purchased Wastewater Expense	\$ 4,394,824	\$ 5,604,104	\$ 6,154,656	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 12/31/2023	4,029,647			
4	Less: Present Rates 12/31/2023		4,394,824		
5	Less: Present Rates 12/31/2024			\$ 5,604,104	
6	Increase/(Decrease)	<u>\$ 365,177</u>	<u>\$ 1,209,280</u>	<u>\$ 550,552</u>	
7	Pro Forma Adjustment:				
8	7105	\$ 365,177	\$ 1,209,280	\$ 550,552	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Wastewater Intracompany Benefits	\$ 153,124	\$ 94,059	\$ 96,559 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	66,336		
4	Less: Present Rates 12/31/2023		153,124	
5	Less: Present Rates 12/31/2024			94,059
6	Increase/(Decrease)	<u>\$ 86,788</u>	<u>\$ (59,065)</u>	<u>\$ 2,500</u>
7	Pro Forma Adjustment:			
8	7048	\$ 86,788	\$ (59,065)	\$ 2,500

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 2,252,085	\$ 2,202,988	\$ 2,190,539
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 12/31/2023	914,836		
4	Less: Present Rates 12/31/2023		2,252,085	
5	Less: Present Rates 12/31/2024			2,202,988
6	Increase/(Decrease)	<u>\$ 1,337,249</u>	<u>\$ (49,097)</u>	<u>\$ (12,449)</u>
7	Pro Forma Adjustment:			
8		\$ 1,337,249	\$ (49,097)	\$ (12,449)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 16,873						
2	Present Rates at 12/31/23				\$ 90,870				
3	Present Rates at 12/31/24						\$ 90,870		
4	Present Rates at 12/31/25								\$ 90,870
5	General Assessment Fees By The Pennsylvania Public Utility Commission	50,228		-		-		15,253	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	23,769		-		-		7,218	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Pro Forma Adjustment		<u>\$ 73,997</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 22,470</u>
10	Pro Forma Present Rates at December 31, 2023		<u>\$ 90,870</u>						
11	Pro Forma Present Rates at December 31, 2024				<u>\$ 90,870</u>				
12	Pro Forma Present Rates at December 31, 2025						<u>\$ 90,870</u>		
13	Pro Forma Proposed Rates at December 31, 2025								<u>\$ 22,470</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 11,613,830	\$ 11,613,830	\$ 11,613,830	\$ 15,140,538
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004324859316	50,228	50,228	50,228	65,481
4	Total General Assessment Fees	\$ 50,228	\$ 50,228	\$ 50,228	\$ 65,481
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		50,228		
8	Less: Present Rates 12/31/2024			50,228	
9	Less: Present Rates 12/31/2025				50,228
10	Increase/(Decrease)	\$ 50,228	\$ -	\$ -	\$ 15,253
11	Pro Forma Adjustment:				
12	4081	\$ 50,228	\$ -	\$ -	\$ 15,253

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 11,613,830	\$ 11,613,830	\$ 11,613,830	\$ 15,140,538
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001742389526	20,236	20,236	20,236	26,381
4	Small Business Advocate Fee At 0.000303478942	3,525	3,525	3,525	4,595
5	Damage Prevention Fee At 0.000000719937	8	8	8	11
6	Total General Assessment Fees	\$ 23,769	\$ 23,769	\$ 23,769	\$ 30,986
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 12/31/2023	-			
9	Less: Present Rates 12/31/2023		23,769		
10	Less: Present Rates 12/31/2024			23,769	
11	Less: Present Rates 12/31/2025				23,769
12	Increase/(Decrease)	<u>\$ 23,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,218</u>
13	Pro Forma Adjustment:				
14	4081	\$ 23,769	\$ -	\$ -	\$ 7,218

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made move payroll taxes per books to
 Intracompany Benefits, Schedule C-8.1, for ratemaking purposes.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	FICA OASDI				
2	FICA Medicare				
3	FICA Total		-	-	-
4	FUTA				
5	SUTA				
6	Annualized Payroll Taxes		-	-	-
7	Capitalized portion not charged to operating expense	31.67%	-	-	-
8	Sub-Total		-	-	-
9	Less: Amount Charged to Taxes Other Than Income				
10	During the Twelve Months Ended 12/31/2023		16,873		
11	Less: Present Rates 12/31/2023			-	
12	Less: Present Rates 12/31/2024				-
13	Increase/(Decrease)		<u>\$ 16,873</u>	<u>\$ -</u>	<u>\$ -</u>
14	Pro Forma Adjustment:				
15	40812		\$ 16,873	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
1		PRESENT RATES @ 12/31/23			PRESENT RATES @ 12/31/24			PRESENT RATES @ 12/31/25				
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate		
3 Long-term Debt		\$ 2,218,808,602	48.52%	4.26%	\$ 2,204,911,964	45.31%	4.24%	\$ 2,312,128,262	46.05%	4.32%		
4 Common Equity		\$ 2,354,604,313	51.48%	10.95%	\$ 2,661,801,067	54.69%	10.95%	\$ 2,708,369,391	53.95%	10.95%		
5		<u>\$ 4,573,412,915</u>	<u>100.00%</u>	<u>7.70%</u>	<u>\$ 4,866,713,031</u>	<u>100.00%</u>	<u>7.91%</u>	<u>\$ 5,020,497,653</u>	<u>100.00%</u>	<u>7.90%</u>		
6			PRESENT RATES				PRESENT RATES				PRESENT RATES	
7 Calculation of Interest:			12/31/23				12/31/24				12/31/25	
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$	52,961,998	Schedule G-1 Col 4, Row 15	\$	51,353,282	Schedule G-1 Col 5, Row 15	\$	50,447,179		
9 Applicable Percentage				<u>48.52%</u>			<u>45.31%</u>			<u>46.05%</u>		
10 Applicable Portion of Rate Base			\$	25,694,714		\$	23,266,107		\$	23,232,826		
11 Cost Rate				4.26%			4.24%			4.32%		
12 Pro-Forma Long-term Interest Expense			<u>\$</u>	<u>1,094,595</u>		<u>\$</u>	<u>986,483</u>		<u>\$</u>	<u>1,003,658</u>		
13 Less: Interest on Long Term Debt Per Books 12/31/23				-								
14 Less: Interest on Long Term Debt Present Rates at 12/31/23							1,094,595					
15 Less: Interest on Long Term Debt Present Rates at 12/31/24										986,483		
16 Long Term Debt Pro Forma Adjustment			<u>\$</u>	<u>1,094,595</u>		<u>\$</u>	<u>(108,112)</u>		<u>\$</u>	<u>17,175</u>		

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
NOTES TO STATEMENT OF INCOME
AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Interest During Construction Per Books	\$ (21,534)	\$ -	\$ -
2	Eliminate Interest During Construction	21,534	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 21,534	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES	PROPOSED RATES
			12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ 442,606	\$ 271,977	\$ 155,925	\$ 825,857
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 12/31/23			442,606		
4	Less: Present Rates at 12/31/24				271,977	
5	Less: Present Rates at 12/31/25					155,925
6	Pro Forma Adjustment		<u>\$ 442,606</u>	<u>\$ (170,630)</u>	<u>\$ (116,052)</u>	<u>\$ 669,932</u>
7	State Income Tax - Current	Schedule F-2	\$ 208,194	\$ 120,158	\$ 64,478	\$ 341,505
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 12/31/23			208,194		
10	Less: Present Rates at 12/31/24				120,158	
11	Less: Present Rates at 12/31/25					64,478
12	Pro Forma Adjustment		<u>\$ 208,194</u>	<u>\$ (88,037)</u>	<u>\$ (55,680)</u>	<u>\$ 277,028</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ (24,991)	\$ (28,433)	\$ (33,713)	\$ (33,713)
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 12/31/23			(24,991)		
16	Less: Present Rates at 12/31/24				(28,433)	
17	Less: Present Rates at 12/31/25					(33,713)
18	Pro Forma Adjustment		<u>\$ (24,991)</u>	<u>\$ (3,442)</u>	<u>\$ (5,280)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 12/31/23			-		
22	Less: Present Rates at 12/31/24				-	
23	Less: Present Rates at 12/31/25					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES 12/31/25		
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Utility Operating Income Before Tax	Schedule A-1	\$ 3,291,434	\$ 3,291,434	\$ 2,266,375	\$ 2,266,375	\$ 1,650,100	\$ 1,650,100	\$ 5,117,279	\$ 5,117,279
2	Interest Expense	Schedule A-1	(1,094,595)	(1,094,595)	(986,483)	(986,483)	(1,003,658)	(1,003,658)	(1,003,658)	(1,003,658)
3	State Income Tax	[12]	(208,194)		(120,158)		(64,478)		(341,505)	
4	Tax Repair Deduction		-	-	-	-	-	-	-	-
5	Book Depreciation	Schedule A-1	2,252,085	2,252,085	2,202,988	2,202,988	2,190,539	2,190,539	2,190,539	2,190,539
6	Tax Depreciation		(2,133,080)	(2,133,080)	(2,067,594)	(2,067,594)	(2,030,001)	(2,030,001)	(2,030,001)	(2,030,001)
7	COR & Other Basis Differences, net of book		-	-	-	-	-	-	-	-
8	Taxable Income	Sum of Lines [1] : [7]	\$ 2,107,650	\$ 2,315,844	\$ 1,295,128	\$ 1,415,286	\$ 742,502	\$ 806,980	\$ 3,932,654	\$ 4,274,159
9	Income Tax Rate		21.00%	8.99%	21.00%	8.49%	21.00%	7.99%	21.00%	7.99%
10	Pro Forma Income Tax : Current	[8] * [9]	442,606	208,194	271,977	120,158	155,925	64,478	825,857	341,505
11	Other - NOL		-	-	-	-	-	-	-	-
12	Total - Current Income Tax	[10] + [11]	\$ 442,606	\$ 208,194	\$ 271,977	\$ 120,158	\$ 155,925	\$ 64,478	\$ 825,857	\$ 341,505
13	Normalized Book Depreciation		(2,252,085)	-	(2,202,988)	-	(2,190,539)	-	(2,190,539)	-
14	Normalized Tax Depreciation		2,133,080	-	2,067,594	-	2,030,001	-	2,030,001	-
15	Normalized Basis Differences		-	-	-	-	-	-	-	-
16	Income Tax Rate		21.00%	7.10%	21.00%	6.71%	21.00%	6.31%	21.00%	6.31%
17	Deferred Income Tax - Tax/Book Depreciation	([13] + [14] + [15]) * [16]	(24,991)	-	(28,433)	-	(33,713)	-	(33,713)	-
18	Deferred Income Tax - Federal NOL/PA NOL (Historical only)		-	-	-	-	-	-	-	-
19	Flowback of Catch Up Adjustment		-	-	-	-	-	-	-	-
20	Flowback of TCJA 2017 (ARAM) - Protected		-	-	-	-	-	-	-	-
21	Flowback of TCJA 2017 - 10 Years		-	-	-	-	-	-	-	-
22	Flowback of Tax Repairs Historical UTP		-	-	-	-	-	-	-	-
23	Flowback of Tax Repairs Collar		-	-	-	-	-	-	-	-
24	Total Flow Through	Sum of Lines [19] : [23]	-	-	-	-	-	-	-	-
25	Total - Deferred Income Tax	[17] + [18] + [24]	\$ (24,991)	\$ -	\$ (28,433)	\$ -	\$ (33,713)	\$ -	\$ (33,713)	\$ -
26	Amortization of Income Tax Credit		-	-	-	-	-	-	-	-
27	Total - Income Tax	[12] + [25] + [26]	\$ 417,615	\$ 208,194	\$ 243,544	\$ 120,158	\$ 122,212	\$ 64,478	\$ 792,144	\$ 341,505

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

RATE BASE AS OF DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST	ORIGINAL COST	ORIGINAL COST	
		12/31/23	12/31/24	12/31/25	
(1)	(2)	(3)	(4)	(5)	
1	Utility Plant in Service	Schedule G-2	\$ 54,568,266	\$ 55,169,646	\$ 56,469,936
2	Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3			54,568,266	55,169,646	56,469,936
4	Less: Accumulated Depreciation	Schedule G-2	(1,185,150)	(3,424,745)	(5,665,883)
5	Net Plant in Service		53,383,116	51,744,901	50,804,053
6	Additions:				
7	Materials & Supplies	Schedule G-4	-	-	-
8	Cash Working Capital	Schedule G-5	(365,000)	(365,000)	(365,000)
9			(365,000)	(365,000)	(365,000)
10	Deductions:				
	Contributions in Aid of Construction and				
11	Customer Advances for Construction	Schedule G-6	(56,118)	(55,052)	(54,019)
12	Deferred Income Taxes	Schedule G-7	-	28,433	62,146
13	Investment Tax Credit		-	-	-
14			(56,118)	(26,619)	8,126
15	Total Rate Base		\$ 52,961,998	\$ 51,353,282	\$ 50,447,179

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Utility Plant in Service	\$ 54,568,266	\$ 54,568,266	\$ 55,169,646
2	Plus: Additions		635,753	1,334,714
3	Less: Retirements		(34,373)	(34,424)
4	Utility Plant in Service	<u>\$ 54,568,266</u>	<u>\$ 55,169,646</u>	<u>\$ 56,469,936</u>
5	Accumulated Depreciation	<u>(1,185,150)</u>	<u>(3,424,745)</u>	<u>(5,665,883)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		PRESENT RATES		PRESENT RATES
						12/31/2023 BALANCE	FTY AMORTIZATIONS	12/31/2024 BALANCE	FPFTY AMORTIZATIONS	12/31/2025 BALANCE

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	December	2022	\$ -
2	January	2023	-
3	February	2023	-
4	March	2023	-
5	April	2023	-
6	May	2023	-
7	June	2023	-
8	July	2023	-
9	August	2023	-
10	September	2023	-
11	October	2023	-
12	November	2023	-
13	December	2023	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u> </u>
17	At 12/31/2024 and 12/31/2025		<u><u>\$ -</u></u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ (248,000)	\$ (248,000)	\$ (248,000)
2	Cash Working Capital - Taxes	Schedule G-5.3	44,000	44,000	44,000
3	Cash Working Capital - Interest	Schedule G-5.4	(161,000)	(161,000)	(161,000)
4	Total Cash Working Capital Requirement		\$ (365,000)	\$ (365,000)	\$ (365,000)

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	December	2022	\$ 532,241
2	January	2023	504,968
3	February	2023	398,494
4	March	2023	431,567
5	April	2023	459,800
6	May	2023	396,920
7	June	2023	527,916
8	July	2023	481,674
9	August	2023	436,388
10	September	2023	631,454
11	October	2023	509,073
12	November	2023	473,408
13	December	2023	475,768
14	Total		\$ 6,259,671
15	Average Accounts Receivable Balance		\$ 481,513
16	Gross Utility Wastewater Revenues recorded During the Twelve Months Ended 12/31/2023		\$ 11,809,110
16	Average Daily Billing		\$ 32,354
18	Lag in Receipt of Payment		14.9
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u>32.1</u>

Reference:
 (a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 160,932	5.5	(a)	\$ 885,128
2	Non-Union Labor	0	9.0	(a)	0
3	Management Fee	699,392	15.7	(a)	10,980,455
4	Electric Power	65,314	43.3	(a)	2,828,108
5	Purchased Wastewater	6,154,656	49.8	(a)	306,501,868
6	Employee Group Insurance	96,559	16.3	(a)	1,573,919
7	Liability Insurance	8,632	(46.4)	(a)	(400,533)
8	SFI Postage	36,656	(5.4)	(a)	(197,941)
9	Pension	0	440.0	(a)	0
10	SFAS106	0	45.1	(a)	0
11	All Other Expenses (b)	308,992	31.3	(a)	9,671,444
12	Total	<u>\$ 7,531,134</u>			<u>\$ 331,842,447</u>
13	Average Lag Days in Payment of Expenses		<u>44.1</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>32.1</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>(12.0)</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 20,633	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ (247,599)	[16] * [18]	
20	USE		<u>\$ (248,000)</u>	* Rounded to nearest thousandth	

Reference:

(a) Developed in Exhibit 7.

(b) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	PA PUC - General Assessments	\$ 50,228	(198.5)	(a)	\$ (9,970,294)
2	OCA & SBA - General Assessments	23,769	(198.5)	(a)	(4,718,093)
3	Public Utility Realty Tax	-	(48.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(92.9)	(a)	-
5	FICA Taxes - Hourly	-	5.5	(a)	-
6	FICA Taxes - Executive & Exempt	-	9.0	(a)	-
7	Federal Unemployment Tax	-	75.9	(a)	-
8	PA Unemployment Tax	-	75.9	(a)	-
9	PA State Income Tax	64,478	36.5	(a)	2,353,435
10	Federal Income Tax	155,925	36.5	(a)	5,691,277
11	Total	<u>\$ 294,400</u>			<u>\$ (6,643,675)</u>
12	Average Lag Days in Payment of Taxes		<u>(22.6)</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>32.1</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>54.7</u>	[13] - [12]	
16	WORKING CAPITAL REQUIREMENT				
17	Pro-forma Annual Tax Expense Per Day		\$ 807	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 44,120	[15] * [17]	
19	USE		<u>\$ 44,000</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 1,003,658	90.8	(a)	\$ 91,081,972
2	PennVest-Interest	-	14.7	(a)	-
3	Total	<u>\$ 1,003,658</u>			<u>\$ 91,081,972</u>
4	Average Lag Days in Payment of Interest		<u>90.8</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>32.1</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(58.7)</u>	[5] - [4]	
8	WORKING CAPITAL REQUIREMENT				
9	Pro-forma Annual Interest Expense Per Day		\$ 2,750		
10	Cash Working Capital Required		\$ (161,410)		
11	USE		<u>\$ (161,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 56,118	\$ 56,118	\$ 55,052
2	Plus: Contributions		-	-
3	Less: Amortization		(1,066)	(1,032)
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (56,118)</u>	<u>\$ (55,052)</u>	<u>\$ (54,019)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LOWER MAKEFIELD

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ -	\$ -	\$ (28,433)
2	Change in Deferred Tax	Schedule F-2		(28,433)	(33,713)
3	Deferred Income Taxes		\$ -	\$ 28,433	\$ 62,146

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELANDTABLE OF CONTENTS TO EXHIBIT 1-E WASTEWATER EAST WHITELAND

	Schedule	Witness
A Summary		
Pro Forma Statement Of Income For The Twelve Months Ending December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	A-1	William C. Packer
Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates December 31, 2025 Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended December 31, 2023 And Anticipated Under Present And Proposed Rates For The Test Years Ended December 31, 2024 And December 31, 2025	A-3	William C. Packer
Calculation Of Gross Revenue Conversion Factor	A-4	William C. Packer
	A-5	William C. Packer
B Operating Revenues		
Statement Of Operating Revenue For The Twelve Months Ending December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	B-1	Gregory R. Herbert & Constance Heppenstall
Summary Of Adjustments To Operating Revenues	B-2	Gregory R. Herbert
Operating Revenues - Unbilled Revenue Adjustment	B-3	Gregory R. Herbert
Operating Revenues - Page Held For Future Use	B-4 to B-6	N/A
Operating Revenues - Miscellaneous Revenue Adjustments	B-7	Gregory R. Herbert
C Operating Expenses		
Notes To Statement Of Income Operating Expenses Expense Detail Accounts	C-1	William C. Packer
Operating Expenses Summary Of Expense Accounts	C-2	William C. Packer
Summary Of Adjustments To Operating Expenses	C-3	William C. Packer
Operating Expenses - General Price Level Adjustment	C-4.1	Christopher E. Manning
Operating Expenses - Inflation Factor Calculation	C-4.1.i	Christopher E. Manning
Operating Expenses - Uncollectible Accounts	C-4.2	Renee T. Marquis
Operating Expenses - Derivation Of Uncollectible Accounts Based On Three Years Of History Normalized	C-4.2.i	Renee T. Marquis
Operating Expenses - Page Held For Future Use	C-4.3	N/A
Operating Expenses - Rate Case Expense	C-4.4	Michael S. Ercolino
Operating Expenses - Payroll	C-4.5	Christopher E. Manning
Operating Expenses - Insurance Expense	C-4.6	Christopher E. Manning
Operating Expenses - Management Service & Sundry	C-4.7	William C. Packer
Operating Expenses - Page Held For Future Use	C-4.8	N/A
Operating Expenses - Miscellaneous Expense Adjustments	C-4.9	Christopher E. Manning
Operating Expenses - Specific Expenses Not Subject To Increase	C-4.10	Michael S. Ercolino
Operating Expenses - Audit Fee Expense	C-4.11	Michael S. Ercolino
Operating Expenses - Page Held For Future Use	C-5.1	N/A
Operating Expenses - Purchased Power Expense	C-6.1	Christopher E. Manning

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELANDTABLE OF CONTENTS TO EXHIBIT 1-E WASTEWATER EAST WHITELAND

	Schedule	Witness
Operating Expenses - Purchased Power - Electric	C-6.1.i	Christopher E. Manning
Operating Expenses - Purchased Power - Gas	C-6.1.ii	Christopher E. Manning
Operating Expenses - Chemicals	C-6.2	Christopher E. Manning
Operating Expenses - Purchased Wastewater Treatment Expense	C-7.1	Christopher E. Manning
Operating Expenses - Employee Benefits	C-8.1	William C. Packer
D Other Expenses		
Statement Of Depreciation	D-1	Renee T. Marquis & John J. Spanos
Summary Of Adjustments To Taxes Other Than Income	D-2	Renee T. Marquis
Taxes Other Than Income - General Assessment Fees By The Pennsylvania Public Utility Commission	D-2.1	Renee T. Marquis
Taxes Other Than Income - General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	D-2.2	Renee T. Marquis
Taxes Other Than Income - Public Utility Realty Tax	D-2.3	Michael S. Ercolino
Taxes Other Than Income - Pennsylvania Property Tax	D-2.4	Michael S. Ercolino
Taxes Other Than Income - Payroll Taxes	D-2.5	Christopher E. Manning
E Interest Expense		
Interest On Long-Term Debt	E-1	William C. Packer
Amortization Of Debt Issuance & Premium/Discount On Debt	E-2	William C. Packer
Other Interest Charges	E-3	William C. Packer
Interest During Construction	E-4	William C. Packer
F Income Taxes		
Summary Of Adjustments To Income Taxes	F-1	Panpilas Fischer
Computation Of Federal And State Income Taxes Under Present And Proposed Rates	F-2	Panpilas Fischer
G Rate Base		
Rate Base As Of December 31, 2023, December 31, 2024 And December 31, 2025 Under Present And Proposed Rates	G-1	William C. Packer
Rate Base - Utility Plant In Service & Accumulated Depreciation	G-2	Renee T. Marquis & John J. Spanos
Rate Base - Utility Plant Acquisition Adjustments	G-3	Renee T. Marquis
Rate Base - Materials And Supplies	G-4	William C. Packer
Rate Base - Cash Working Capital Summary	G-5	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Receipt Of Revenue	G-5.1	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Taxes	G-5.3	Harold C. Walker
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Interest	G-5.4	Harold C. Walker
Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Renee T. Marquis & John J. Spanos
Rate Base - Deferred Income Taxes	G-7	Panpilas Fischer

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	(1)	PRESENT RATES			PRESENT RATES			PRESENT RATES			PROPOSED
		PER BOOKS	ADJUSTMENT	12/31/23 AMOUNT	ADJUSTMENT	12/31/24 AMOUNT	ADJUSTMENT	12/31/25 AMOUNT	ADJUSTMENT	RATES AMOUNT	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
1	Operating Revenues	\$ 3,516,854	\$ 8,228	\$ 3,525,082	\$ -	\$ 3,525,082	\$ -	\$ 3,525,082	\$ 6,992,719	\$ 10,517,800	
2	Operating Expenses	1,858,500	344,744	2,203,244	6,354	2,209,598	178,722	2,388,320	73,480	2,461,799	
3	Depreciation	943,369	820,186	1,763,555	140,310	1,903,865	(13,702)	1,890,163		1,890,163	
4	Taxes, other than income :										
5	PUC assessment	-	15,245	15,245	-	15,245	-	15,245	30,243	45,488	
6	OCA & SBA assessments	-	7,214	7,214	-	7,214	-	7,214	14,311	21,526	
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-	
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-	
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-	
10	Federal & State payroll tax	14,661	-	14,661	-	14,661	-	14,661	-	14,661	
11	Total Taxes, other than income	14,661	22,460	37,121	-	37,121	-	37,121	44,554	81,675	
12	Utility Operating Income Before Tax	700,324	(1,179,162)	(478,838)	(146,664)	(625,502)	(165,020)	(790,522)	6,874,685	6,084,163	
13	Income Taxes:										
14	Federal Tax-Current	-	(401,378)	(401,378)	(52,117)	(453,495)	(37,485)	(490,981)	1,328,334	837,353	
15	Pa. CNI Tax-Current	-	(188,801)	(188,801)	(11,550)	(200,352)	(2,677)	(203,028)	549,287	346,259	
16	Federal Tax-Deferred	-	98,400	98,400	18,334	116,734	(2,357)	114,377	-	114,377	
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-	
18	ITC-Current	-	-	-	-	-	-	-	-	-	
19	ITC-Amortized	-	-	-	-	-	-	-	-	-	
20	Total Income Taxes	-	(491,779)	(491,779)	(45,334)	(537,113)	(42,519)	(579,632)	1,877,621	1,297,989	
21	Total Operating Revenue Deductions	2,816,530	695,610	3,512,140	101,331	3,613,471	122,501	3,735,972	1,995,654	5,731,626	
22	Utility Operating Income	700,324	(687,383)	12,941	(101,331)	(88,389)	(122,501)	(210,890)	4,997,064	4,786,174	
23	Income Deductions:										
24	Interest on Long-Term debt	-	1,152,716	1,152,716	25,759	1,178,475	27,380	1,205,856		1,205,856	
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-	
26	Other interest charges	-	-	-	-	-	-	-	-	-	
27	Interest during Construction	(56,179)	56,179	-	-	-	-	-	-	-	
28	Total Income Deductions	(56,179)	1,208,895	1,152,716	25,759	1,178,475	27,380	1,205,856	-	1,205,856	
29	Net Income	\$ 756,503	\$ (1,896,277)	\$ (1,139,775)	\$ (127,090)	\$ (1,266,864)	\$ (149,881)	\$ (1,416,746)	\$ 4,997,064	\$ 3,580,318	
30	Preferred Dividend										
31	Net Income-Common	\$ 756,503	\$ (1,896,277)	\$ (1,139,775)	\$ (127,090)	\$ (1,266,864)	\$ (149,881)	\$ (1,416,746)	\$ 4,997,064	\$ 3,580,318	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NUMBER OF CUSTOMERS SERVED
 AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 12/31/2022	SERVED AT 12/31/2023	TO BE SERVED AT 12/31/2024	TO BE SERVED AT 12/31/2025	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	3,349	3,353	3,353	3,353	3,353	-	-
2	Commercial	600	600	600	600	600	-	-
3	Industrial	68	68	68	68	68	-	-
4	Public	3	3	3	3	3	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	4,020	4,024	4,024	4,024	4,024	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN
AT CURRENT AND PROPOSED RATES DECEMBER 31, 2025

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	60,610,296
2	Recommended Rate of Return	Schedule E-1	X	7.90%
3	Operating Income, Pro Forma Proposed Rates		= \$	4,786,174
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	(210,890)
5	Operating Income Deficit		= \$	4,997,064
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.3994
7	Revenue Deficit		= \$	6,992,719

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN
EARNED IN THE YEAR ENDED DECEMBER 31, 2023 AND
ANTICIPATED UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2025

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates December 31, 2023	\$ 12,941	\$ 55,774,192	0.02%
2	Present Rates December 31, 2024	\$ (88,389)	\$ 61,347,808	-0.14%
3	Present Rates December 31, 2025	\$ (210,890)	\$ 60,610,296	-0.35%
4	Proposed Rates December 31, 2025	\$ 4,786,174	\$ 60,610,296	7.90%

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.637% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.051% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9831
7	State Tax Rate	7.990%
8	State Tax \$\$ =====>	\$ 0.0786
9	State Factor	\$ 0.9046
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1900
12	Combined Income Tax Factor on Gross Revenues	26.85%
13	Net Operating Income Factor	71.46%
14	Gross Revenue Conversion Factor	1.39937

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND
 STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023,
 DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS (1)	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		REVENUE RATE INCREASE		PROPOSED RATES
		12/31/23 (2)	ADJUSTMENT (3)	AMOUNT (4)	ADJUSTMENT (5)	AMOUNT (6)	ADJUSTMENT (7)	AMOUNT (8)	% (9)	\$ (10)	AMOUNT (11)	
1	Residential	\$ 1,439,064	\$ 3,774	\$ 1,442,838	\$ -	\$ 1,442,838	\$ -	\$ 1,442,838	197.2%	\$ 2,844,774	\$ 4,287,612	
2	Commercial	1,702,220	3,831	1,706,051	-	1,706,051	-	1,706,051	194.7%	3,322,068	5,028,119	
3	Industrial	366,475	(224)	366,251	-	366,251	-	366,251	220.5%	807,420	1,173,671	
4	Public	1,862	846	2,708	-	2,708	-	2,708	681.5%	18,457	21,166	
5	Other	-	-	-	-	-	-	-	0.0%	-	-	
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-	
7	Total Sales to General Customers	3,509,621	8,228	3,517,849	-	3,517,849	-	3,517,849	198.8%	6,992,719	10,510,567	
8	Forfeited Discounts	6,953	-	6,953	-	6,953	-	6,953	0.0%	-	6,953	
9	Other WW Revenues	280	-	280	-	280	-	280	0.0%	-	280	
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-	-	
11	Total Other WW Revenues	7,233	-	7,233	-	7,233	-	7,233	0.0%	-	7,233	
12	Total Operating Revenue	\$ 3,516,854	\$ 8,228	\$ 3,525,082	\$ -	\$ 3,525,082	\$ -	\$ 3,525,082	198.4%	\$ 6,992,719	\$ 10,517,800	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION (1)	REFERENCE (2)	ADJUSTMENT (3)	PRESENT RATES		PRESENT RATES		PRESENT RATES	
				12/31/23 AMOUNT (4)	ADJUSTMENT (5)	12/31/24 AMOUNT (6)	ADJUSTMENT (7)	12/31/25 AMOUNT (8)	
1	Per Books			\$ 3,516,854					
2	Present Rates at 12/31/23					\$ 3,525,082			
3	Present Rates at 12/31/24							\$ 3,525,082	
4	Unbilled Revenue Adjustment	Schedule B-3	(3,351)		-		-		
5	Page Held For Future Use	Schedule B-4	-		-		-		
6	Page Held For Future Use	Schedule B-5	-		-		-		
7	Page Held For Future Use	Schedule B-6	-		-		-		
8	Miscellaneous Revenue Adjustments	Schedule B-7	11,579		-		-		
9	Pro Forma Adjustment			<u>8,228</u>		<u>-</u>		<u>-</u>	
10	Pro Forma Present Rates at December 31, 2023			<u>\$ 3,525,082</u>					
11	Pro Forma Present Rates at December 31, 2024					<u>\$ 3,525,082</u>			
12	Pro Forma Present Rates at December 31, 2025							<u>\$ 3,525,082</u>	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 12/31/2023 AMOUNT
1	Residential	\$ 5,712
2	Commercial	(2,574)
3	Industrial	258
4	Public	(44)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>3,351</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 3,351</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE	DESCRIPTION
NO.	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION
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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PRESENT RATES	
		12/31/2023 ADJUSTMENT	12/31/2024 ADJUSTMENT
1	Residential	(a) \$ 9,486	
2	Commercial	(a) 1,257	
3	Industrial	(a) 34	
4	Public	(a) 802	
5	Other		
6	Availability Charge		
7	Total Sales to General Customers	11,579	-
8	Forfeited Discounts		
9	Other WW Revenues		
10	Miscellaneous WW Service Revenues		
11	Total Other WW Revenues	-	-
12	Total Operating Revenue	\$ 11,579	\$ -

(a) Adjustment for change of flat rate to metered customers.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7011	Labor	62,511	62,511	46,570	47,815
4	7041	Employee Benefits	18,640	46,369	13,520	16,484
5	7151	Purchased Power	52,982	51,708	51,708	64,081
6	7201	Supplies	69	69	70	72
7	7361	OS Other	1,694	1,694	1,735	1,775
8	7501	Transportation	4,085	4,085	4,184	4,280
9	7751	Other	8,549	8,549	8,757	8,958
10		-Maintenance-				
11	7012	Labor	304	304	227	233
12	7042	Employee Benefits	66	163	167	171
13	7202	Supplies	66	66	67	69
14	7362	OS Other	18,252	18,252	18,695	19,125
15	7502	Transportation	19	19	19	20
16						
17		Total Collection Expense	\$ 167,236	\$ 193,788	\$ 145,719	\$ 163,081
18						
19		--Pumping--				
20		-Operations-				
21	7013	Labor	247	247	184	189
22	7043	Employee Benefits	13	31	32	33
23	7163	Purchased Power	2,062	2,012	2,012	2,493
24	7203	Supplies	669	669	685	701
25	7363	OS Other	270,001	270,001	276,548	282,909
26	7503	Transportation	5	5	5	5

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
27	7753	Other	209	209	214	219
28		-Maintenance-				
29	7204	Supplies	1,359	1,359	1,392	1,424
30	7364	OS Other	17,239	17,239	17,657	18,063
31	7754	Other	7	7	7	8
32						
33		Total Pumping Expense	\$ 291,810	\$ 291,779	\$ 298,737	\$ 306,044
34						
35		--Treatment & Disposal--				
36		-Operations-				
37	7015	Labor	65,839	65,839	49,049	50,360
38	7045	Employee Benefits	17,742	44,134	45,204	46,244
39	7105	Purchased Wastewater	1,123,416	1,123,309	1,239,464	1,369,146
40	7205	Supplies	186	186	191	195
41	7365	OS Other	7,542	7,542	7,725	7,902
42	7505	Transportation	3,201	3,201	3,278	3,354
43		-Maintenance-				
44						
45		Total Treatment & Disposal Expense	\$ 1,217,926	\$ 1,244,210	\$ 1,344,911	\$ 1,477,201
46						
47		--Reclaimed Water Treatment--				
48		-Operations-				
49						
50						
51		--Customer Accounting--				
52	7047	Employee Benefits	-	-	(33,973)	(32,102)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 12/31/23	PRESENT RATES 12/31/23	PRESENT RATES 12/31/24	PRESENT RATES 12/31/25
	(1)	(2)	(3)	(4)	(5)	(6)
53	7707	Bad Debt	11,995	36,966	36,966	36,966
54						
55		Total Customer Accounting Expense	\$ 11,995	\$ 36,966	\$ 2,993	\$ 4,864
56						
57		--Administrative and General--				
58	7018	Labor	93,132	93,132	69,382	71,237
59	7048	Employee Benefits	17,094	42,523	40,323	38,968
60	7318	OS Engineer	33,750	33,750	34,568	35,363
61	7328	OS Accounting	-	5,432	5,341	5,383
62	7349	Management Fees	-	231,621	238,688	245,902
63	7368	OS Other	1,613	1,613	1,653	1,691
64	7508	Transportation	5,121	5,121	5,246	5,366
65	7578	Insurance	-	3,522	2,058	2,290
66	7588	Insurance	-	256	208	217
67	7598	Insurance	-	708	493	529
68	7758	Other	18,822	18,822	19,278	19,722
69	7668	Amortization of Rate Case	-	-	-	10,463
70						
71		Total Admin & General Expense	\$ 169,533	\$ 436,501	\$ 417,239	\$ 437,130
72						
73		Total Operating Expenses	\$ 1,858,500	\$ 2,203,244	\$ 2,209,598	\$ 2,388,320

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS	ADJUSTMENTS	PRESENT RATES	ADJUSTMENTS	PRESENT RATES	ADJUSTMENTS	PRESENT RATES
	12/31/23	12/31/23	12/31/23	12/31/24	12/31/24	12/31/25	12/31/25
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 222,033	\$ -	\$ 222,033	\$ (56,621)	\$ 165,412	\$ 4,421	\$ 169,833
2 Employee Benefits	53,555	79,665	133,220	(67,945)	65,274	4,524	69,798
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	1,123,416	(108)	1,123,309	116,155	1,239,464	129,682	1,369,146
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	55,044	(1,324)	53,720	-	53,720	12,855	66,574
7 Chemicals	-	-	-	-	-	-	-
8 Supplies	2,348	-	2,348	57	2,405	55	2,461
9 OS Engineer	33,750	-	33,750	818	34,568	795	35,363
10 OS Accounting	-	5,432	5,432	(91)	5,341	42	5,383
11 OS Legal	-	-	-	-	-	-	-
12 OS Lab Testing	-	-	-	-	-	-	-
13 OS Other	316,341	-	316,341	7,671	324,012	7,452	331,464
14 Management Fees	-	231,621	231,621	7,067	238,688	7,214	245,902
15 Leases	-	-	-	-	-	-	-
16 Transportation	12,431	-	12,431	301	12,732	293	13,025
17 Insurance	-	4,487	4,487	(1,728)	2,759	276	3,035
18 Other	27,587	-	27,587	669	28,256	650	28,906
19 Bad Debt	11,995	24,971	36,966	-	36,966	-	36,966
20 Amortization of Rate Case	-	-	-	-	-	10,463	10,463
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 1,858,500		\$ 2,203,244		\$ 2,209,598		\$ 2,388,320
25 Pro Forma Adjustments		\$ 344,744		\$ 6,354		\$ 178,722	
26 Uncollectibles @ Proposed Rates							\$ 73,480
27 Proposed Rates @ 12/31/25							\$ 2,461,799

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES		PRESENT RATES		PRESENT RATES	
			ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 1,858,500				
2	Present Rates at 12/31/23					\$ 2,203,244		
3	Present Rates at 12/31/24							\$ 2,209,598
4	General Price Level Adjustment	Schedule C-4.1	-		10,870		9,779	
5	Uncollectible Accounts	Schedule C-4.2	24,971		-		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		10,463	
8	Payroll	Schedule C-4.5	-		(56,621)		4,421	
9	Insurance Expense	Schedule C-4.6	4,487		(1,728)		276	
10	Management Service & Sundry	Schedule C-4.7	231,621		5,714		5,900	
11	Page Held For Future Use	Schedule C-4.8	-		-		-	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	-		-		-	
13	Specific Expenses Not Subject To Increase	Schedule C-4.10	-		-		-	
14	Audit Fee Expense	Schedule C-4.11	5,432		(91)		42	
15	Page Held For Future Use	Schedule C-5.1	-		-		-	
16	Purchased Power Expense	Schedule C-6.1	(1,324)		-		12,855	
17	Chemicals	Schedule C-6.2	-		-		-	
18	Purchased Wastewater Treatment Expense	Schedule C-7.1	(108)		116,155		129,682	
19	Employee Benefits	Schedule C-8.1	79,665		(67,945)		5,305	
20	Pro Forma Adjustments			\$ 344,744		\$ 6,354		\$ 178,722
21	Pro Forma Present Rates at December 31, 2023			\$ 2,203,244				
22	Pro Forma Present Rates at December 31, 2024					\$ 2,209,598		
23	Pro Forma Present Rates at December 31, 2025							\$ 2,388,320

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 12/31/2023	\$ 2,203,244	
3	Present Rates 12/31/2024		\$ 2,209,598
4	<i>Less amounts specifically adjusted in this filing or not otherwise subject to inflation:</i>		
5	Labor	222,033	165,412
6	Employee Benefits	133,220	99,247
7	Purchased Wastewater	1,123,309	1,239,464
8	Sludge	-	-
9	Purchased Power	53,720	53,720
10	Chemicals	-	-
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	5,432	5,341
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	-	-
17	Management Fees	175,819	181,533
18	Leases	-	-
19	Transportation	-	-
20	Insurance	4,487	2,759
21	Other	-	-
22	Bad Debt	36,966	36,966
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 1,754,985	\$ 1,784,441
28	Total Operating Expenses Subject to Effects of Inflation	\$ 448,259	\$ 425,157
29	Inflation Factor - Schedule C-4.1.i	2.425%	2.300%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 10,870	\$ 9,779

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	First Quarter	2024	2.500% (a)
2	Second Quarter	2024	2.500% (a)
3	Third Quarter	2024	2.400% (a)
4	Fourth Quarter	2024	2.300% (a)
5	Annual Average for the Period Ending 12/31/2024		2.425%
6	First Quarter	2025	2.300% (b)
7	Second Quarter	2025	2.300% (b)
8	Third Quarter	2025	2.300% (b)
9	Fourth Quarter	2025	2.300% (b)
10	Annual Average for the Period Ending 12/31/2025		2.300%

Source:

- (a) Blue Chip Economic Indicators Volume 48, No. 8, August 11, 2023, Page 5, Forecasted Future Periods
- (b) 2025 not available in Blue Chip Report. Used Prior Quarter, Q4-2024.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended December 31, 2023, the Company experienced an average uncollectible accounts factor of 1.05080% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 3,509,621	\$ 3,517,849	\$ 3,517,849	\$ 3,517,849
2	Annualized Uncollectible Account based on Experience Factor @ 1.05080%		36,966	36,966	36,966 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 12/31/2023		11,995		
5	Less: Present Rates 12/31/2023			36,966	
6	Less: Present Rates 12/31/2024				36,966
7	Increase/(Decrease)		<u>\$ 24,971</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 24,971	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

Docket No. R-2024-3047824
Exhibit 1-E

Schedule C-4.3
Witness: N/A

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2025 AMOUNT
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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a twenty-four month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		400,000		
4	Rate of Return		95,000		
5	Notices and Postage		450,000		
6	Miscellaneous		65,000		
7	Total	\$	2,610,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	88.67%	\$ 2,314,287	\$ 1,157,144	
10	Wastewater	11.33%	\$ 295,713	\$ 147,857	
11	Wastewater - Current Exhibit	0.80%	\$ 20,927	\$ 10,463	
12	Normalization Period		24 Months		
13			PRESENT RATES	PRESENT RATES	
14			12/31/2024	12/31/2025	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 24 Month Normalized Basis	\$	-	\$ 10,463	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 12/31/2023		-		
19	Less: Present Rates 12/31/2024			-	
20	Increase/(Decrease)	\$	-	\$ 10,463	
21	Pro Forma Adjustment:				
22	7668			\$ 10,463	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES	
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT	
1	Non-Union Payroll				
2	Gross Payroll		\$ -	\$ -	
3	Capital Payroll		-	-	
4	Non-Operating Payroll		-	-	
5	Expense Payroll	-	-	-	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ -	\$ -	
7	Union Payroll				
8	Gross Payroll		\$ 246,332	\$ 252,916	
9	Capital Payroll		78,013	80,098	
10	Non-Operating Payroll		2,907	2,984	
11	Expense Payroll	222,033	165,412	169,833	‡
12	Union Expense Payroll Increase/(Decrease)		\$ (56,621)	\$ 4,421	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ (56,621)</u>	<u>\$ 4,421</u>	
14	Pro Forma Adjustment:				
15	7011		\$ (15,941)	\$ 1,245	
16	7012		\$ (78)	\$ 6	
17	7013		\$ (63)	\$ 5	
18	7015		\$ (16,790)	\$ 1,311	
19	7018		\$ (23,750)	\$ 1,854	
20	7038		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending December 31, 2024 and December 31, 2025.

LINE NO.	DESCRIPTION	PRESENT RATES		
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	General Liability	\$ 5,155	\$ 3,422	\$ 3,764
2	Workers Compensation	375	114	126
3	Other (Exec Risk, Property, Surety Bond)	1,036	502	552
4		<u>6,566</u>	<u>4,038</u>	<u>4,442</u>
5	Capitalized portion not charged to operating expense	31.67% (2,080)	(1,279)	(1,407)
6	Subtotal Insurance	<u>\$ 4,487</u>	<u>\$ 2,759</u>	<u>\$ 3,035</u>
7	Less: Amount Charged to Operating Expense			
8	During the Twelve Months Ended 12/31/2023	-		
9	Less: Present Rates 12/31/2023		4,487	
10	Less: Present Rates 12/31/2024			2,759
11	Increase/(Decrease)	<u>\$ 4,487</u>	<u>\$ (1,728)</u>	<u>\$ 276</u>
12	Pro Forma Adjustment:			
13	7578	\$ 3,522	\$ (1,464)	\$ 234
14	7588	\$ 256	\$ (49)	\$ 8
15	7598	\$ 708	\$ (215)	\$ 34

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	
1	Management Fees Labor & Benefits	\$ 175,819	\$ 175,819	\$ 181,533	‡
2	Payroll & Benefit Increase		5,714	5,900	‡
3	Management Fees All Other	55,802	55,802	55,802	
4	Total Expense Claim	\$ 231,621	\$ 237,335	\$ 243,235	
5	Less: Amount Charged to Operating Expense				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		231,621		
8	Less: Present Rates 12/31/2024			237,335	
9	Increase/(Decrease)	\$ 231,621	\$ 5,714	\$ 5,900	
10	Pro Forma Adjustment:				
11	7349	\$ 231,621	\$ 5,714	\$ 5,900	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1				
2				
3				
4				
5				
6				
7	Increase/(Decrease)	\$ -	\$ -	\$ -
8	Pro Forma Adjustment:			
9				
10				
11				
12				

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INCREASE

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth.
 These amounts are eliminated from the eligible Operating Expenses subject to increase on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Leases	\$ -	\$ -	\$ - ‡
2	Total Specific Expenses Not Subject to Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AUDIT FEE EXPENSE

The Company incurs audit fees annually from its third party auditor.
 The Company has based its audit fee expense claim on the actual
 fee schedule and projected fee schedule provided by its third party auditor.

LINE NO.	DESCRIPTION	PRESENT RATES		
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Audit Fees Expense Claim	\$ 7,950	\$ 7,817	\$ 7,877
		<u>7,950</u>	<u>7,817</u>	<u>7,877</u>
2	Capitalized portion not charged to operating expense	31.67% (2,518)	(2,476)	(2,495)
3	Subtotal Audit Fees	\$ 5,432	\$ 5,341	\$ 5,383
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 12/31/2023	-		
6	Less: Present Rates 12/31/2023		5,432	
7	Less: Present Rates 12/31/2024			5,341
8	Increase/(Decrease)	<u>\$ 5,432</u>	<u>\$ (91)</u>	<u>\$ 42</u>
9	Pro Forma Adjustment:			
10	7328	\$ 5,432	\$ (91)	\$ 42

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Purchased Power Expense - Electric	\$ 53,720	\$ 53,720	\$ 66,574
2	Claimed Purchased Power Expense - Gas	-	-	-
3		<u>\$ 53,720</u>	<u>\$ 53,720</u>	<u>\$ 66,574</u>
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 12/31/2023	55,044		
6	Less: Present Rates 12/31/2023		53,720	
7	Less: Present Rates 12/31/2024			53,720
8	Increase/(Decrease)	<u>\$ (1,324)</u>	<u>\$ -</u>	<u>\$ 12,855</u>
9	Pro Forma Adjustment:			
10	7151	\$ (1,274)	\$ -	\$ 12,373
11	7153	\$ -	\$ -	\$ -
12	7155	\$ -	\$ -	\$ -
13	7158	\$ -	\$ -	\$ -
14	7161	\$ -	\$ -	\$ -
15	7163	\$ (50)	\$ -	\$ 481
16	7165	\$ -	\$ -	\$ -
17	7168	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 12/31/2023 AMOUNT	FUTURE KW HOURS	PRESENT RATES 12/31/2024 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 12/31/2025 AMOUNT
1	PECO	East Whiteland	524,300	\$ 53,720	524,300	\$ 53,720	524,300	\$ 66,574
2				<u>\$ 53,720</u>		<u>\$ 53,720</u>		<u>\$ 66,574</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES	FUTURE THERMS	PRESENT RATES	FULLY PROJECTED	PRESENT RATES
				12/31/2023 AMOUNT		12/31/2024 AMOUNT	FUTURE THERMS	12/31/2025 AMOUNT
1				\$ -		\$ -		\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The company is not making a claim for chemical expenses for East Whiteland in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Chemical Expense Claim	\$ -	\$ -	\$ - ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7183	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense normalizes the cost of services provided by wastewater treatment providers for the Company's East Whiteland service area. The service providers are Valley Forge Sewer Authority, East Goshen, and Tredyffrin Township.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Purchased Wastewater Expense	\$ 1,123,309	\$ 1,239,464	\$ 1,369,146 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	1,123,416		
4	Less: Present Rates 12/31/2023		1,123,309	
5	Less: Present Rates 12/31/2024			\$ 1,239,464
6	Increase/(Decrease)	<u>\$ (108)</u>	<u>\$ 116,155</u>	<u>\$ 129,682</u>
7	Pro Forma Adjustment:			
8	7105	\$ (108)	\$ 116,155	\$ 129,682

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Wastewater Intracompany Benefits	\$ 133,220	\$ 99,247	\$ 101,900 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 12/31/2023	53,555		
4	Less: Present Rates 12/31/2023		133,220	
5	Less: Present Rates 12/31/2024			99,247
6	Increase/(Decrease)	<u>\$ 79,665</u>	<u>\$ (33,973)</u>	<u>\$ 2,653</u>
7	Pro Forma Adjustment:			
8	7041	\$ 27,728	\$ (33,973)	\$ 2,653
9	7042	\$ 98	\$ -	\$ -
10	7043	\$ 19	\$ -	\$ -
11	7044	\$ -	\$ -	\$ -
12	7045	\$ 26,392	\$ -	\$ -
13	7046	\$ -	\$ -	\$ -
14	7047	\$ -	\$ (33,973)	\$ 2,653
15	7048	\$ 25,429	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 1,763,555	\$ 1,903,865	\$ 1,890,163
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 12/31/2023	943,369		
4	Less: Present Rates 12/31/2023		1,763,555	
5	Less: Present Rates 12/31/2024			1,903,865
6	Increase/(Decrease)	<u>\$ 820,186</u>	<u>\$ 140,310</u>	<u>\$ (13,702)</u>
7	Pro Forma Adjustment:			
8		\$ 820,186	\$ 140,310	\$ (13,702)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 14,661						
2	Present Rates at 12/31/23				\$ 37,121				
3	Present Rates at 12/31/24						\$ 37,121		
4	Present Rates at 12/31/25								\$ 37,121
5	General Assessment Fees By The Pennsylvania Public Utility Commission	15,245		-		-		30,243	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	7,214		-		-		14,311	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Pro Forma Adjustment		<u>\$ 22,460</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 44,554</u>
10	Pro Forma Present Rates at December 31, 2023		<u>\$ 37,121</u>						
11	Pro Forma Present Rates at December 31, 2024				<u>\$ 37,121</u>				
12	Pro Forma Present Rates at December 31, 2025						<u>\$ 37,121</u>		
13	Pro Forma Proposed Rates at December 31, 2025								<u>\$ 44,554</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 3,525,082	\$ 3,525,082	\$ 3,525,082	\$ 10,517,800
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004324859316	15,245	15,245	15,245	45,488
4	Total General Assessment Fees	\$ 15,245	\$ 15,245	\$ 15,245	\$ 45,488
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 12/31/2023	-			
7	Less: Present Rates 12/31/2023		15,245		
8	Less: Present Rates 12/31/2024			15,245	
9	Less: Present Rates 12/31/2025				15,245
10	Increase/(Decrease)	\$ 15,245	\$ -	\$ -	\$ 30,243
11	Pro Forma Adjustment:				
12	4081	\$ 15,245	\$ -	\$ -	\$ 30,243

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 3,525,082	\$ 3,525,082	\$ 3,525,082	\$ 10,517,800
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001742389526	6,142	6,142	6,142	18,326
4	Small Business Advocate Fee At 0.000303478942	1,070	1,070	1,070	3,192
5	Damage Prevention Fee At 0.000000719937	3	3	3	8
6	Total General Assessment Fees	\$ 7,214	\$ 7,214	\$ 7,214	\$ 21,526
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 12/31/2023	-			
9	Less: Present Rates 12/31/2023		7,214		
10	Less: Present Rates 12/31/2024			7,214	
11	Less: Present Rates 12/31/2025				7,214
12	Increase/(Decrease)	<u>\$ 7,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,311</u>
13	Pro Forma Adjustment:				
14	4081	\$ 7,214	\$ -	\$ -	\$ 14,311

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 12/31/2023	-		
4	Less: Present Rates 12/31/2023		-	
5	Less: Present Rates 12/31/2024			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made move payroll taxes per books to
 Intracompany Benefits, Schedule C-8.1, for ratemaking purposes.

LINE NO.	DESCRIPTION		PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	FICA OASDI				
2	FICA Medicare				
3	FICA Total		-	-	-
4	FUTA				
5	SUTA				
6	Annualized Payroll Taxes		-	-	-
7	Capitalized portion not charged to operating expense	31.67%	-	-	-
8	Sub-Total		-	-	-
9	Less: Amount Charged to Taxes Other Than Income				
10	During the Twelve Months Ended 12/31/2023		14,661		
11	Less: Present Rates 12/31/2023			-	
12	Less: Present Rates 12/31/2024				-
13	Increase/(Decrease)		<u>\$ 14,661</u>	<u>\$ -</u>	<u>\$ -</u>
14	Pro Forma Adjustment:				
15	40812		\$ 14,661	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 12/31/23			PRESENT RATES @ 12/31/24			PRESENT RATES @ 12/31/25		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 2,218,808,602	48.52%	4.26%	\$ 2,204,911,964	45.31%	4.24%	\$ 2,312,128,262	46.05%	4.32%
4 Common Equity		\$ 2,354,604,313	51.48%	10.95%	\$ 2,661,801,067	54.69%	10.95%	\$ 2,708,369,391	53.95%	10.95%
5		<u>\$ 4,573,412,915</u>	<u>100.00%</u>	<u>7.70%</u>	<u>\$ 4,866,713,031</u>	<u>100.00%</u>	<u>7.91%</u>	<u>\$ 5,020,497,653</u>	<u>100.00%</u>	<u>7.90%</u>
6				PRESENT RATES			PRESENT RATES			PRESENT RATES
7 Calculation of Interest:				12/31/23			12/31/24			12/31/25
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$	55,774,192	Schedule G-1 Col 4, Row 15	\$	61,347,808	Schedule G-1 Col 5, Row 15	\$	60,610,296
9 Applicable Percentage				<u>48.52%</u>			<u>45.31%</u>			<u>46.05%</u>
10 Applicable Portion of Rate Base			\$	27,059,060		\$	27,794,225		\$	27,913,324
11 Cost Rate				4.26%			4.24%			4.32%
12 Pro-Forma Long-term Interest Expense			\$	<u>1,152,716</u>		\$	<u>1,178,475</u>		\$	<u>1,205,856</u>
13 Less: Interest on Long Term Debt Per Books 12/31/23				-						
14 Less: Interest on Long Term Debt Present Rates at 12/31/23							1,152,716			
15 Less: Interest on Long Term Debt Present Rates at 12/31/24										1,178,475
16 Long Term Debt Pro Forma Adjustment			\$	<u>1,152,716</u>		\$	<u>25,759</u>		\$	<u>27,380</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONSTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Interest During Construction Per Books	\$ (56,179)	\$ -	\$ -
2	Eliminate Interest During Construction	56,179	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 56,179	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES	PROPOSED RATES
			12/31/23 AMOUNT	12/31/24 AMOUNT	12/31/25 AMOUNT	12/31/25 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (401,378)	\$ (453,495)	\$ (490,981)	\$ 837,353
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 12/31/23			(401,378)		
4	Less: Present Rates at 12/31/24				(453,495)	
5	Less: Present Rates at 12/31/25					(490,981)
6	Pro Forma Adjustment		<u>\$ (401,378)</u>	<u>\$ (52,117)</u>	<u>\$ (37,485)</u>	<u>\$ 1,328,334</u>
7	State Income Tax - Current	Schedule F-2	\$ (188,801)	\$ (200,352)	\$ (203,028)	\$ 346,259
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 12/31/23			(188,801)		
10	Less: Present Rates at 12/31/24				(200,352)	
11	Less: Present Rates at 12/31/25					(203,028)
12	Pro Forma Adjustment		<u>\$ (188,801)</u>	<u>\$ (11,550)</u>	<u>\$ (2,677)</u>	<u>\$ 549,287</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 98,400	\$ 116,734	\$ 114,377	\$ 114,377
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 12/31/23			98,400		
16	Less: Present Rates at 12/31/24				116,734	
17	Less: Present Rates at 12/31/25					114,377
18	Pro Forma Adjustment		<u>\$ 98,400</u>	<u>\$ 18,334</u>	<u>\$ (2,357)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 12/31/23			-		
22	Less: Present Rates at 12/31/24				-	
23	Less: Present Rates at 12/31/25					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 12/31/23		PRESENT RATES 12/31/24		PRESENT RATES 12/31/25		PROPOSED RATES 12/31/25		
		FEDERAL (3)	STATE (4)	FEDERAL (5)	STATE (6)	FEDERAL (7)	STATE (8)	FEDERAL (9)	STATE (10)	
1	Utility Operating Income Before Tax	Schedule A-1	\$ (478,838)	\$ (478,838)	\$ (625,502)	\$ (625,502)	\$ (790,522)	\$ (790,522)	\$ 6,084,163	\$ 6,084,163
2	Interest Expense	Schedule A-1	(1,152,716)	(1,152,716)	(1,178,475)	(1,178,475)	(1,205,856)	(1,205,856)	(1,205,856)	(1,205,856)
3	State Income Tax	[12]	188,801		200,352		203,028		(346,259)	
4	Tax Repair Deduction		-	-	-	-	-	-	-	-
5	Book Depreciation	Schedule A-1	1,763,555	1,763,555	1,903,865	1,903,865	1,890,163	1,890,163	1,890,163	1,890,163
6	Tax Depreciation		(2,232,128)	(2,232,128)	(2,459,742)	(2,459,742)	(2,434,816)	(2,434,816)	(2,434,816)	(2,434,816)
7	COR & Other Basis Differences, net of book		-	-	-	-	-	-	-	-
8	Taxable Income	Sum of Lines [1] : [7]	\$ (1,911,325)	\$ (2,100,127)	\$ (2,159,502)	\$ (2,359,854)	\$ (2,338,002)	\$ (2,541,031)	\$ 3,987,395	\$ 4,333,654
9	Income Tax Rate		21.00%	8.99%	21.00%	8.49%	21.00%	7.99%	21.00%	7.99%
10	Pro Forma Income Tax : Current	[8] * [9]	(401,378)	(188,801)	(453,495)	(200,352)	(490,981)	(203,028)	837,353	346,259
11	Other - NOL		-	-	-	-	-	-	-	-
12	Total - Current Income Tax	[10] + [11]	\$ (401,378)	\$ (188,801)	\$ (453,495)	\$ (200,352)	\$ (490,981)	\$ (203,028)	\$ 837,353	\$ 346,259
13	Normalized Book Depreciation		(1,763,555)	-	(1,903,865)	-	(1,890,163)	-	(1,890,163)	-
14	Normalized Tax Depreciation		2,232,128	-	2,459,742	-	2,434,816	-	2,434,816	-
15	Normalized Basis Differences		-	-	-	-	-	-	-	-
16	Income Tax Rate		21.00%	7.10%	21.00%	6.71%	21.00%	6.31%	21.00%	6.31%
17	Deferred Income Tax - Tax/Book Depreciation	([13] + [14] + [15]) * [16]	98,400	-	116,734	-	114,377	-	114,377	-
18	Deferred Income Tax - Federal NOL/PA NOL (Historical only)		-	-	-	-	-	-	-	-
19	Flowback of Catch Up Adjustment		-	-	-	-	-	-	-	-
20	Flowback of TCJA 2017 (ARAM) - Protected		-	-	-	-	-	-	-	-
21	Flowback of TCJA 2017 - 10 Years		-	-	-	-	-	-	-	-
22	Flowback of Tax Repairs Historical UTP		-	-	-	-	-	-	-	-
23	Flowback of Tax Repairs Collar		-	-	-	-	-	-	-	-
24	Total Flow Through	Sum of Lines [19] : [23]	-	-	-	-	-	-	-	-
25	Total - Deferred Income Tax	[17] + [18] + [24]	\$ 98,400	\$ -	\$ 116,734	\$ -	\$ 114,377	\$ -	\$ 114,377	\$ -
26	Amortization of Income Tax Credit		-	-	-	-	-	-	-	-
27	Total - Income Tax	[12] + [25] + [26]	\$ (302,978)	\$ (188,801)	\$ (336,761)	\$ (200,352)	\$ (376,603)	\$ (203,028)	\$ 951,730	\$ 346,259

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

RATE BASE AS OF DECEMBER 31, 2023,

DECEMBER 31, 2024 AND DECEMBER 31, 2025 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST	ORIGINAL COST	ORIGINAL COST	
		12/31/23	12/31/24	12/31/25	
(1)	(2)	(3)	(4)	(5)	
1	Utility Plant in Service	Schedule G-2	\$ 57,299,468	\$ 64,821,192	\$ 66,114,136
2	Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3			57,299,468	64,821,192	66,114,136
4	Less: Accumulated Depreciation	Schedule G-2	(947,569)	(2,789,868)	(4,716,491)
5	Net Plant in Service		<u>56,351,899</u>	<u>62,031,324</u>	<u>61,397,645</u>
6	Additions:				
7	Materials & Supplies	Schedule G-4	-	-	-
8	Cash Working Capital	Schedule G-5	(29,000)	(29,000)	(29,000)
9			<u>(29,000)</u>	<u>(29,000)</u>	<u>(29,000)</u>
10	Deductions:				
	Contributions in Aid of Construction and				
11	Customer Advances for Construction	Schedule G-6	(548,707)	(537,783)	(527,238)
12	Deferred Income Taxes	Schedule G-7	-	(116,734)	(231,111)
13	Investment Tax Credit		-	-	-
14			<u>(548,707)</u>	<u>(654,517)</u>	<u>(758,349)</u>
15	Total Rate Base		<u>\$ 55,774,192</u>	<u>\$ 61,347,808</u>	<u>\$ 60,610,296</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Utility Plant in Service	\$ 57,299,468	\$ 57,299,468	\$ 64,821,192
2	Plus: Additions		7,562,970	1,300,934
3	Less: Retirements		(41,245)	(7,990)
4	Utility Plant in Service	<u>\$ 57,299,468</u>	<u>\$ 64,821,192</u>	<u>\$ 66,114,136</u>
5	Accumulated Depreciation		<u>(947,569)</u>	<u>(2,789,868)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		PRESENT RATES		PRESENT RATES
						12/31/2023 BALANCE	FTY AMORTIZATIONS	12/31/2024 BALANCE	FPFTY AMORTIZATIONS	12/31/2025 BALANCE

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	December	2022	\$ -
2	January	2023	-
3	February	2023	-
4	March	2023	-
5	April	2023	-
6	May	2023	-
7	June	2023	-
8	July	2023	-
9	August	2023	-
10	September	2023	-
11	October	2023	-
12	November	2023	-
13	December	2023	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u> </u>
17	At 12/31/2024 and 12/31/2025		<u><u>\$ -</u></u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 12/31/2023 AMOUNT	PRESENT RATES 12/31/2024 AMOUNT	PRESENT RATES 12/31/2025 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 109,000	\$ 109,000	\$ 109,000
2	Cash Working Capital - Taxes	Schedule G-5.3	(20,000)	(20,000)	(20,000)
3	Cash Working Capital - Interest	Schedule G-5.4	(118,000)	(118,000)	(118,000)
4	Total Cash Working Capital Requirement		\$ (29,000)	\$ (29,000)	\$ (29,000)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	December	2022	\$ 405,947
2	January	2023	359,706
3	February	2023	395,951
4	March	2023	394,182
5	April	2023	407,203
6	May	2023	354,454
7	June	2023	339,041
8	July	2023	346,628
9	August	2023	343,027
10	September	2023	332,120
11	October	2023	332,592
12	November	2023	356,121
13	December	2023	365,270
14	Total		\$ 4,732,241
15	Average Accounts Receivable Balance		\$ 364,019
16	Gross Utility Wastewater Revenues recorded		
17	During the Twelve Months Ended 12/31/2023		\$ 3,516,854
16	Average Daily Billing		\$ 9,635
18	Lag in Receipt of Payment		37.8
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u>55.0</u>

Reference:
 (a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 169,833	5.5	(a)	\$ 934,080
2	Non-Union Labor	0	9.0	(a)	0
3	Management Fee	245,902	15.7	(a)	3,860,668
4	Electric Power	66,574	43.3	(a)	2,882,661
5	Purchased Wastewater	1,369,146	49.8	(a)	68,183,462
6	Employee Group Insurance	101,900	16.3	(a)	1,660,965
7	Liability Insurance	3,035	(46.4)	(a)	(140,825)
8	SFI Postage	12,888	(5.4)	(a)	(69,595)
9	Pension	0	440.0	(a)	0
10	SFAS106	0	45.1	(a)	0
11	All Other Expenses (b)	371,613	31.3	(a)	11,631,473
12	Total	<u>\$ 2,340,890</u>			<u>\$ 88,942,889</u>
13	Average Lag Days in Payment of Expenses		<u>38.0</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>55.0</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>17.0</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 6,413	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 109,028	[16] * [18]	
20	USE		<u>\$ 109,000</u>	* Rounded to nearest thousandth	

Reference:

(a) Developed in Exhibit 7.

(b) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 15,245	(198.5)	(a)	\$ (3,026,228)
2	OCA & SBA - General Assessments	7,214	(198.5)	(a)	(1,432,057)
3	Public Utility Realty Tax	-	(48.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(92.9)	(a)	-
5	FICA Taxes - Hourly	-	5.5	(a)	-
6	FICA Taxes - Executive & Exempt	-	9.0	(a)	-
7	Federal Unemployment Tax	-	75.9	(a)	-
8	PA Unemployment Tax	-	75.9	(a)	-
9	PA State Income Tax	(203,028)	36.5	(a)	(7,410,535)
10	Federal Income Tax	(490,981)	36.5	(a)	(17,920,789)
11	Total	<u>\$ (671,549)</u>			<u>\$ (29,789,609)</u>
12	Average Lag Days in Payment of Taxes		<u>44.4</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>55.0</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>10.6</u>	[13] - [12]	
16	WORKING CAPITAL REQUIREMENT				
17	Pro-forma Annual Tax Expense Per Day		\$ (1,840)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ (19,503)	[15] * [17]	
19	USE		<u>\$ (20,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 1,205,856	90.8	(a)	\$ 109,431,397
2	PennVest-Interest	-	14.7	(a)	-
3	Total	<u>\$ 1,205,856</u>			<u>\$ 109,431,397</u>
4	Average Lag Days in Payment of Interest		<u>90.8</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>55.0</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(35.8)</u>	[5] - [4]	
8	WORKING CAPITAL REQUIREMENT				
9	Pro-forma Annual Interest Expense Per Day		\$ 3,304		
10	Cash Working Capital Required		\$ (118,273)		
11	USE		<u>\$ (118,000)</u>	* Rounded to nearest thousandth	

Reference:
 (a) Developed in Exhibit 7.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 548,707	\$ 548,707	\$ 537,783
2	Plus: Contributions		-	-
3	Less: Amortization		(10,924)	(10,545)
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (548,707)</u>	<u>\$ (537,783)</u>	<u>\$ (527,238)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST WHITELAND

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES	PRESENT RATES	PRESENT RATES
			12/31/2023 AMOUNT	12/31/2024 AMOUNT	12/31/2025 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ -	\$ -	\$ 116,734
2	Change in Deferred Tax	Schedule F-2		116,734	114,377
3	Deferred Income Taxes		<u>\$ -</u>	<u>\$ (116,734)</u>	<u>\$ (231,111)</u>