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VIA e-Filing

December 16, 2024

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

**Re: State Tax Adjustment Surcharge (“STAS”) – Docket No. M-2022-3037158
Pennsylvania-American Water Company Water Operations (Utility Code: 212285) and
Pennsylvania-American Water Company Wastewater Operations (Utility Code: 230073)**

Dear Secretary Chiavetta:

Pennsylvania-American Water Company (“PAWC” or “Company”) submits this letter in response to the November 15, 2024 Secretarial letter which directs jurisdictional fixed utilities to file a recomputed STAS by December 21, 2024.

On July 22, 2024, the Commission entered an order to approve PAWC’s base rate case proceeding at Docket Nos. R-2023-3043189 and R-2023-3043190. The use of the 7.99% state tax rate is detailed in Tables I and III of the final Commission order. PAWC is not required to file a recomputed STAS because the Company’s new rates, which took effect on August 7, 2024, reflect the reduced tax level of 7.99%. Accordingly, no tariff supplement is included with this filing.

In addition, the calculated negative surcharge for the period January 1, 2024 through August 6, 2024 reconciled with the negative surcharge billed for the same period resulted in an under collection of \$37,420. Since a STAS will not be implemented in 2025, the Company proposes to record a regulatory asset in the amount of \$37,420 and incorporate it as a reconciling item in the next STAS filing in January 2026. The calculation for the \$37,420 under collection is reflected in Attachment 1.

Should you have any questions concerning this letter, please contact me.

Sincerely,

Elizabeth Rose Triscari

Attachment

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

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

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

[1] New rates effective on August 7, 2024 per Commission Order at Docket Nos. R-2023-3043189 and R-2023-3043190.

Pennsylvania-American Water Company
Reconciliation of Billed Revenues
For the period January 1, 2024 - August 6, 2024

STAS - Water

	Calculated	Actual Revenues	Over/(Under)
January-24	(\$104,783)	(\$98,447)	\$6,336
February-24	(\$104,783)	(\$102,246)	\$2,536
March-24	(\$104,783)	(\$101,014)	\$3,768
April-24	(\$104,783)	(\$98,189)	\$6,594
May-24	(\$104,783)	(\$104,424)	\$359
June-24	(\$104,783)	(\$115,950)	(\$11,168)
July-24	(\$104,783)	(\$115,093)	(\$10,310)
August-24	(\$12,259)	(\$36,232)	(\$23,973)
Total Water	(\$745,737)	(\$771,596)	(\$25,859)

STAS- Wastewater

	Calculated	Actual Revenues	Over/(Under)
January-24	(\$46,316)	(\$34,348)	\$11,968
February-24	(\$46,316)	(\$42,774)	\$3,542
March-24	(\$46,316)	(\$42,601)	\$3,714
April-24	(\$46,316)	(\$43,171)	\$3,145
May-24	(\$46,316)	(\$49,033)	(\$2,718)
June-24	(\$46,316)	(\$51,576)	(\$5,260)
July-24	(\$46,316)	(\$49,746)	(\$3,431)
August-24	(\$5,419)	(\$27,940)	(\$22,522)
Total Wastewater	(\$329,628)	(\$341,189)	(\$11,561)

	Calculated	Actual	Over/(Under)
Total Company	(\$1,075,365)	(\$1,112,785)	(\$37,420)