



April 1, 2025

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor – 1 North
PO Box 3265
Harrisburg, PA 17120

SUBJECT: Veolia Water Pennsylvania, Inc. Financial Report

Dear Secretary Chiavetta,

Enclosed please find the Financial Report of Veolia Water Pennsylvania Inc. for the twelve months ended December 31, 2024. In accordance with the Commission letter dated February 4, 2000 this report has been sent via e-mail to Marc Hoffer, Bureau of Technical Utility Services.

Please contact me at (201)-784-7098 or via email at katherine.arp@veolia.com for any questions or further information relating to the filing.

Best regards,

Katherine Arp

Katherine Arp
Manager Regulatory Business

Enclosures

cc: Bureau of Investigation and Enforcement
Office of Small Business Advocate
Office of Special Assistants
Office of Consumer Advocate
Marc Hoffer, via email
Larry Finnicum
Michael Watkin
Maryanne Hatch
David Njuguna
Lela Buzaladze

Veolia North America
461 From Road, Suite 400
Paramus, NJ 07652
tel. +1 201 767 9300

www.veolianorthamerica.com

Veolia Water Pennsylvania
FINANCIAL REPORT
For the Twelve Months Ended 12/31/2024

(Thousands of Dollars)

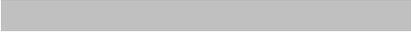
	Actual per Books (1)	Intrastate Percent (2)	Intrastate per books (3)	Adjustments [a] (4)	Adjusted Results (5)
(1) Original Cost of Plant In Service	537,404	1.0000	\$537,404	\$23,913	\$561,317
(2) Less: Depreciation Reserve	117,409	1.0000	117,409		117,409
(3) Net Plant in Service	419,995		419,995	23,913	443,909
<u>Additions:</u>					
(4) Land/Plant Held for Future Use	53	1.0000	53		53
(5) Materials & Supplies & Fuel Stocks	1,599	1.0000	1,599		1,599
(6) Cash Working Capital [b]	790	1.0000	790		790
(7) Other-Acquisition adjustments	127	1.0000	127		127
(8) Regulatory Assets	0	1.0000	0		0
<u>Deductions:</u>					
(9) Accumulated Deferred Income Taxes	0	1.0000	0		0
(10) Liberalized Depreciation	13,827	1.0000	13,827		13,827
(11) Investment Tax Credit	0	1.0000	(0)		(0)
(12) Other	0	1.0000	0		0
(13) Customer Deposits	21	1.0000	21		21
(14) Customer Advances	42,970	1.0000	42,970		42,970
(15) Contributions in Aid of Construction	33,057	1.0000	33,057		33,057
(16) Other	0	1.0000	0		0
(17) TCJA	9,843	1.0000	9,843		9,843
(18) RATE BASE	<u>\$322,846</u>		<u>\$322,846</u>	<u>\$23,913</u>	<u>\$346,760</u>
(19) Operating Revenues	61,942	1.0000	61,942	(29)	61,912
<u>Operating Expenses</u>					
(20) Operation & Maintenance	26,873	1.0000	26,873	124	26,997
(21) Annual Depreciation	10,125	1.0000	10,125	2,549	12,674
(22) Taxes - Other than Income	1,269	1.0000	1,269		1,269
(23) State Income Tax - Current	898	1.0000	898	283	1,181
(24) Federal Income Tax - Current	2,474	1.0000	2,474	192	2,665
(25) Deferred Income Taxes	1,249	1.0000	1,249	(1,249)	0
(26) Investment Tax Credit (Net)	(0)	1.0000	(0)	0	0
(27) Total Operating Expenses	42,887		42,887	1,899	44,786
(28) INCOME AVAILABLE FOR RETURN	<u>\$19,054</u>		<u>\$19,054</u>	<u>(\$1,928)</u>	<u>\$17,126</u>
RATE OF RETURN - OVERALL	<u>5.90%</u>		<u>5.90%</u>		<u>4.94%</u>

[a] Schedule B and Schedule C

[b] as updated in the following rate cases: R-2024-3045192-Water R-2024-3045193 WW

Veolia Water Pennsylvania
SUMMARY OF PRO FORMA INTRASTATE ADJUSTMENTS
For the Twelve Months Ended 12/31/2024

(Thousands of Dollars)

<u>Rate Base Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Taxes*</u>
(1) 				
(2) 				
(3) 				
<u>Income Statement Adjustments</u>				
(4) 				
(5) 				
(6) 				
(7) 				
(8) 				
(9) 				
(10) 				
Totals	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SCHEDULE C

Veolia Water Pennsylvania
EXPLANATION OF ADJUSTMENTS
For the Twelve Months Ended 12/31/2024

(Thousands of Dollars)

Rate Base Adjustments

(1)	Utility Plant in Service	23,913 (1)
	Total Rate Base Adjustments	23,913

Income Statement Adjustments

(1)	State Tax Adjustment	29
(2)	Labor annualized	(38)
(3)	M&S Shared Assets	113
(4)	Bad Dbt-Provsn-Cust Acct Uncol	49
(5)	Depreciation Expense Annualization	2,549
(6)	State and Federal Income Tax Normalization	(775)
	Total Income Statement Adjustments	1,928

Explanation of Changes to Intrastate Allocation Factors (if applicable)

Note:(1) Includes CWIP at 12/31/2024 plus additional UPIS at 3/31/2025

Veolia Water Pennsylvania
Intrastate Per Books
Calculation of Return on Common Equity
For the Twelve Months Ended 12/31/2024

(Thousands of Dollars)

	Capital Ratios (a)		Rate Base (b)		Totals		Embedded Cost Rates(c)		Total Rate Base Related Cost of Debt and Preferred & Preference
	(1)	x	(2)	=	(3)	x	(4)	=	(5)
	(a) Sch. E Col. 2		(b) Sch. A. Col. 3 Line 16				(c) Sch. F Col. 7		
1) Debt	47.89%		\$322,846		\$154,599		4.48%		\$6,921
2) Preferred	0.00%		\$322,846		0		0.00%		0
3) Common Equity	<u>52.11%</u>		\$322,846		<u>168,247</u>				
4) Total	<u>100.00%</u>				<u>\$322,846</u>				<u>\$6,921</u>

For the Twelve Months Ended 12/31/2024

	Intrastate Per Books
5) Income Available for Return (from Sch. A, Col. 3, Line 26)	\$19,054
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$6,921</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$12,134</u>
8) Debt Cost (Col 5., Line 1)	\$6,921
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>6,921</u>
10) Difference (Line 8 Less Line 9)	0
11) Times: Composite State and Federal Income Tax Rate	<u>27.71%</u>
12) Net Addition or (Deduction) (Line 10 x Line 11)	<u>\$0</u>
13) Income Available for Common Equity, including Income Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>\$12,134</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>7.21%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>7.21%</u>

**Veolia Water Pennsylvania
Intrastate Pro Forma Results
Calculation of Return on Common Equity
For the Twelve Months Ended 12/31/2024**

(Thousands of Dollars)

	Capital Ratios(a) (1)	x	Rate Base(b) (2)	=	Totals (3)	x	Embedded Cost Rates(c) (4)	=	Total Rate Base Related Cost of Debt and Preferred & Preference (5)
	(a) Sch. E Col. 2		(b) Sch. A. Col. 5 Line 16				(c) Sch. F Col. 7		
1) Debt	47.89%		\$346,760		\$166,051		4.48%		\$7,433
2) Preferred	0.00%		\$346,760		0		0.00%		0
3) Common Equity	<u>52.11%</u>		\$346,760		<u>180,709</u>				<u>0</u>
4) Total	<u>100.00%</u>				<u>\$346,760</u>				<u>\$7,433</u>

For the Twelve Months Ended 12/31/2024

	Intrastate Adjusted
5) Income Available for Return (from Sch. A, Col. 5, Line 26)	\$17,126
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$7,433</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$9,693</u>
8) Debt Cost (Col 5., Line 1)	\$7,433
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>7,433</u>
10) Difference (Line 8 Less Line 9)	0
11) Times: Composite State and Federal Income Tax Rate	<u>27.71%</u>
12) Net Addition or (Deduction) (Line 10 x Line 11)	<u>\$0</u>
13) Income Available for Common Equity, including Income Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>\$9,693</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>5.36%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>5.36%</u>

SCHEDULE E

**Veolia Water Pennsylvania
Calculation of Capital Structure and Related Ratios
For the Twelve Months Ended 12/31/2024**

(Thousands of Dollars)

	Total Company Actual Amount Outstanding (1)	Ratios (2)
Total Debt (Sch. F., Col. 4)	\$1,662,000	47.89%
Total Preferred & Preference Stock Stock (Sch. F., Co.. 4)		0.00%
<u>Common Equity</u>		
Common Stock	558,044	
Premium on Common Stock		
Capital Surplus		
Capital Stock	34,894	
Retained Earnings	1,215,778	
Other		
	<u>1,808,716</u>	<u>52.11%</u>
Total Common Equity		
	<u>1,808,716</u>	<u>52.11%</u>
Total Capital	<u>\$3,470,716</u>	<u>100.00%</u>

SCHEDULE F

**Veolia Water Pennsylvania
Cost of Debt and Preferred Stock as Adjusted
For the Twelve Months Ended 12/31/2024**

(Thousands of Dollars)

Item/Description	Issue Date (1)	Maturity Date (2)	Interest Rate (3)	Outstanding Balance (4)	Effective Cost Rate (5)	Percent to Total (6)	Weighted Cost Rate (7)
Long Term Debt			(See Appendix A)	\$ 1,662,000	4.48%	47.89%	2.14%
Short Term Debt (If Applicable)							
Total				1,662,000	4.48%	47.89%	2.14%
Preferred Stock				0		0.00%	0.00%
Total				0	0.00%	0.00%	0.00%

Veolia Water Pennsylvania
Summary of Returns
For the Twelve Months Ended 12/31/2024

Overall Return Actual (Schedule A)	Overall Return Adjusted (Schedule A)	Equity Return Actual (Schedule D-1)	Equity Return Adjusted (Schedule D-2)
5.90%	4.94%	7.21%	5.36%
