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May 30, 2025

Via eFiling Only

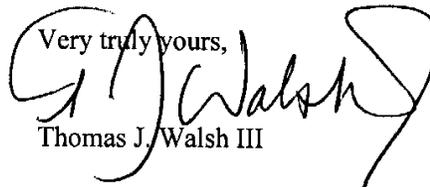
Matthew L. Homsher, Esq., Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Newtown Artesian Water Company
Earnings Report for 12 months ended March 31, 2025 (Q1)
Docket No. M-2025-3052807**

Dear Secretary Homsher:

Please be advised that I am general counsel to Newtown Artesian Water Company (“NAWC”) in the above-referenced matter. By electronic filing, I am submitting NAWC’s Financial Report for the twelve (12) month period ending March 31, 2025.

The attached is submitted in accordance with the Commission’s *Final Supplemental Implementation Order*, Docket No. M-2012-2293611 (as amended through October 27, 2022); and 52 Pa. Code §71.3. Thank you for your assistance in this matter. If you have any questions or require any information relating to this filing, please feel free to contact me.

Very truly yours,

Thomas J. Walsh III

Enclosure

cc: Per Certificate of Service (via email, w/enc.)
Daniel Angove (via email, w/enc.)

SCHEDULE A

Company Name: NEWTOWN ARTESIAN WATER COMPANY, INC.

Financial Report for Twelve Months Ended

March 31, 2025

(Thousands of Dollars)

	Actual per <u>Books</u> (1)	Intrastate <u>Percent</u> (2)	Intrastate <u>per books</u> (3)	<u>Adjustments (a)</u> (4)	Adjusted <u>Results</u> (5)
(1) Original Cost of Plant In Service	\$55,565	1.0000	\$55,565		\$55,565
(2) Less: Depreciation Reserve	15,435	1.0000	15,435		15,435
(3) Net Plant in Service	40,130		40,130	0	40,130
<u>Additions:</u>					
(4) Land/Plant Held for Future Use			0		0
(5) Materials & Supplies & Fuel Stocks	874	1.0000	874		874
(6) Cash Working Capital (b)	653	1.0000	653		653
(7) Other			0		0
<u>Deductions:</u>					
(8) Accumulated Deferred Income Taxes			0		0
(9) Liberalized Depreciation	4,636	1.0000	4,636	120	4,755
(10) Investment Tax Credit			0		0
(11) Other			0		0
(12) Customer Deposits			0		0
(13) Customer Advances	2,239	1.0000	2,239		2,239
(14) Contributions in Aid of Construction	24,681	1.0000	24,681		24,681
(15) Other			0		0
(16) RATE BASE	<u>\$10,101</u>		<u>\$10,101</u>	<u>(120)</u>	<u>\$9,981</u>
(17) <u>Operating Revenues</u>	<u>\$6,782</u>	1.0000	<u>6,782</u>	<u>(\$169)</u>	<u>\$6,613</u>
<u>Operating Expenses</u>					
(18) Operation & Maintenance	4,871	1.0000	4,871	52	4,923
(19) Annual Depreciation	815	1.0000	815		815
(20) Taxes - Other than Income	520	1.0000	520		520
(21) State Income Tax - Current	(26)	1.0000	(26)		(26)
(22) Federal Income Tax - Current	0		0	(49)	(49)
(23) Deferred Income Taxes	150	1.0000	150	120	269
(24) Investment Tax Credit (Net)			0		0
(25) Total Operating Expenses	<u>6,328</u>		<u>6,328</u>	<u>123</u>	<u>6,452</u>
(26) INCOME AVAILABLE FOR RETURN	<u>\$454</u>		<u>\$454</u>	<u>(\$292)</u>	<u>\$161</u>
RATE OF RETURN - OVERALL	<u>4.49%</u>		<u>4.49%</u>		<u>1.61%</u>

(a) Schedule B and Schedule C

(b) As adjudicated in last rate case
or as currently calculated

SCHEDULE B

NEWTOWN ARTESIAN WATER COMPANY, INC.

Summary of Pro Forma Intrastate Adjustments
(Thousands of Dollars)

	<u>Rate Base Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Taxes*</u>
(1) Liberalized Depreciation		\$119.62 ****			
(2)					
(3)					
<u>Income Statement Adjustments</u>					
(4) Operating Revenues			-168.904 **		
(5) Operation & Maintenance				52.368 ***	
(6) Income Taxes - Current					-168.144 ****
(7) Income Taxes - Deferred					119.624 ****
(8)					
(9)					
(10)					
Totals		<u>\$120</u>	<u>(\$169)</u>	<u>\$52</u>	<u>(\$49)</u>

*Includes gross receipts tax (GRT), where applicable

**PUC authorized recovery of under-recovery PWAC balance (i.e., E-factor) of:
\$0.0607 effective 5-1-23 and \$0.2471 effective 5-1-24

*** The PWAC, effective 5-1-24, includes water supplier refunds paid/credited to NAWC that are given to NAWC's customers through the PWAC rate. The credit listed below has resulted in NAWC's O&M expense being \$52,368 less than it would be under normal operating circumstances.

52,368
<u>52,368</u>

**** Tax normalization adjustment (computed on Schedule D-1).

SCHEDULE C

COMPANY NAME: NEWTOWN ARTESIAN WATER COMPANY, INC.

Explanation of Adjustments

Rate Base Adjustments

(1)

(2)

(3)

Income Statement Adjustments

(4)

(5)

(6)

(7)

(8)

(9)

(10)

Explanation of Changes to Intrastate Allocation Factors (if applicable)

COMPANY NAME: NEWTOWN ARTESIAN WATER COMPANY, INC.

Intrastate Per Books

Calculation of Return on Common Equity

for the 12 Months Ended 03/31/25

(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)
	Sch. E Col. 2		Sch. A. Col. 3 Line 16				Sch. F Col. 7		
1) Debt	41.35%		\$10,101		\$4,177		4.52%		\$189
2) Preferred	0.00%		\$10,101		0		0.00%		0
3) Common Equity	<u>58.65%</u>		\$10,101		<u>5,924</u>				
4) Total	<u>100.00%</u>				<u>\$10,101</u>				<u>\$189</u>

12 Months ended 03/31/25

	Intrastate Per Books
5) Income Available for Return (from Sch. A, Col. 3, Line 26)	\$454
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$189</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$265</u>
8) Debt Cost (Col 5., Line 1)	\$189
9) Less: Interest Expense used to compute State and Federal Income Taxes	\$278
10) Difference (Line 8 Less Line 9)	(89)
11) Times: Composite State and Federal Income Tax Rate	<u>0.71%</u>
12) Net Addition or (Deduction) (Line 10 x Line 11)	<u>(\$1)</u>
13) Income Available for Common Equity, including Income Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>\$264</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>4.47%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>4.46%</u>

SCHEDULE D-1

page 2 of 2

Income Available for Return	\$454
LESS: Revenue Adjustment	\$169
LESS: O&M Adjustment	\$52
Less: Interest Expense used to compute State & FED Income taxes	- \$278
Taxable income	<u>(\$46)</u>
Add: Staight Line Depreciation	\$815
Less: Accelerated/Tax Depreciation	<u>\$1,384</u>
State Taxable Income	<u>(\$616)</u>
State Tax @ 7.99%	<u>(\$49)</u>
Income Subject to Federal Income Tax	<u>(\$566)</u>
Federal Income Tax @ 21%	<u>(\$119)</u>
Net Income	<u><u>(\$447)</u></u>

Total Current Income Tax Adjustment	<u><u>(\$168)</u></u>
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Accelerated/Tax Depreciation	\$1,384
Staight Line Depreciation	<u>\$815</u>
Difference	<u>\$570</u>
Federal Income Tax @ 21%	<u>21.00%</u>
Adjustment to Deferred Income Taxes	<u><u>\$120</u></u>

	100.00%
State Tax @ 7.99%	<u>7.99%</u>
	92.01%
Federal Income Tax @ 21%	<u>21.00%</u>
	19.32%
	<u>7.99%</u>
Statutory Income Tax Rate	<u><u>27.31%</u></u>

SCHEDULE D-2

COMPANY NAME: NEWTOWN ARTESIAN WATER COMPANY, INC.

Intrastate Pro Forma Results

Calculation of Return on Common Equity

for the 12 Months Ended 03/31/25

(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)		(2)	=	(3)		(4)	=	(5)
	Sch. E Col. 2	x	Sch. A. Col. 5 Line 16	=		x	Sch. F Col. 7	=	
1) Debt	41.35%		\$9,981		\$4,128		4.52%		\$187
2) Preferred	0.00%		\$9,981		0		0.00%		0
3) Common Equity	<u>58.65%</u>		\$9,981		<u>5,854</u>				
4) Total	<u>100.00%</u>				<u>\$9,981</u>				<u>\$187</u>

12 Months ended 03/31/25

	Intrastate Adjusted
5) Income Available for Return (from Sch. A, Col. 5, Line 26)	\$161
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$187</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>(\$25)</u>
8) Debt Cost (Col 5., Line 1)	\$187
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>278</u>
10) Difference (Line 8 Less Line 9)	(92)
11) Times: Composite State and Federal Income Tax Rate	<u>0.71%</u>
12) Net Addition or (Deduction) (Line 10 x Line 11)	<u>(\$1)</u>
13) Income Available for Common Equity, including Income Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>(\$26)</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>-0.43%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>-0.45%</u>

SCHEDULE E

COMPANY NAME: NEWTOWN ARTESIAN WATER COMPANY, INC.

Calculation of Capital Structure and Related Ratios

for the Twelve Months Ended 03/31/25

(Thousands of Dollars)

	Total Company Actual Amount Outstanding <u>(1)</u>	<u>Ratios</u> (2)
Total Debt (Sch. F., Col. 4)	\$5,723	41.35%
Total Preferred & Preference Stock Stock (Sch. F., Co.. 4)	0	0.00%
<u>Common Equity</u>		
Common Stock	228	
Premium on Common Stock	50	
Capital Surplus	3,819	
Capital Stock	(37)	
Retained Earnings	3,645	
Other	411	
Total Common Equity	<u>8,116</u>	<u>58.65%</u>
Total Capital	<u><u>\$13,840</u></u>	<u><u>100.00%</u></u>

Schedule F

COMPANY NAME: NEWTOWN ARTESIAN WATER COMPANY, INC.
 Cost of Debt and Preferred Stock as Adjusted
 For the 12 Months Ended 03/31/25
 (Thousands of Dollars)

Item/Description	Issue Date	Maturity Date	Interest Rate	Outstanding Balance	Effective Cost Rate	Percent to Total	Weighted Cost Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Long Term Debt			(See Appendix A)				
Short Term Debt (If Applicable)							
Total				5,723			4.52%
Preferred Stock			(See Appendix B)				
Total							

NEWTOWN ARTESIAN WATER COMPANY, INC.

Summary of Returns

Overall Return - Actual		Equity Return - Actual	Equity Return - Adjusted
4.49%	1.61%	4.46%	-0.45%

NEWTOWN ARTESIAN WATER COMPANY, INC.
 Cost of Debt as Adjusted For the 12 Months Ended
 03/31/25

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
	Face Amt. <u>Outstanding</u>	Unamortized Discount or <u>Premium</u>	Unamortized Debt <u>Expense</u>	Carrying Value at <u>3/31/2025</u> (A-B-C)	Annualized <u>Interest</u>	Annualized Amort. Of Discount or <u>Premium</u>	Annualized Amort. Of <u>Debt Exp.</u>	Annualized Debt <u>Expense</u> (E+F+G)	Weighted Cost Rate at <u>3/31/2025</u> (H/D)
<i>only long term debt not loc</i>									
<u>3/31/2025</u>									
First Nat. Bank - Mortgage Bonds	5,723,212.06	6,471.50	0.00						
Total	<u>5,723,212.06</u>	<u>6,471.50</u>	<u>0.00</u>						
Long Term Debt Balance	5,723,212.06	6,471.50	0.00	5,716,740.56	257,544.54	894.00	0.00	258,438.54	<u>4.52%</u>
Long Term Debt (1,000 \$) at 03/31/25		\$5,723							

Thomas J. Walsh III, Esquire
Attorney I.D. #73528
3655 Route 202, Suite 105
Doylestown, PA 18902
Email: twalsh@twalshlaw.com

Attorney and Officer for
Newtown Artesian
Water Company

CERTIFICATE OF SERVICE

I, Thomas J. Walsh III, Esq., attorney for and officer of Newtown Artesian Water Company, hereby certify that I am this 30th day of May, 2025, serving copies of the **Financial Report of Newtown Artesian Water Company for the 12 month period ending March 31, 2025**, and this Certificate of Service, on the following persons in the manner indicated:

By Electronic Mail:

Allison Kaster, Esq., Director
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Email: akaster@pa.gov

By Electronic Mail:

Darryl A. Lawrence
Acting Consumer Advocate
Attn: Resource Account
Email: ra-oca@paoca.org

By Electronic Mail:

NazAarah Sabree
Office of Small Business Advocate
Attn: Resource Account
Email: ra-sba@pa.gov

By Electronic Mail:

Lori Burger, Manager
Porus Irani, Supervisor
Bureau of Audits
Pennsylvania Public Utility Commission
Email: lburger@pa.gov; pirani@pa.gov

By Electronic Mail

Marc Hoffer, Financial Analyst
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Email: mhoffer@pa.gov

I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. §4904 (relating to unsworn falsification to authorities).

/S/ THOMAS J. WALSH III, Esq.

By: _____
Thomas J. Walsh III, Esquire
Newtown Artesian Water Company
Email: twalsh@twalshlaw.com