

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN CAPITALIZATION RATIOS

- 53.53 VII. Provide capitalization and capitalization ratios for the last 5-year period and projected through the next two years (with short-term debt and without short-term debt for the company, parent and system (consolidated)).
- D.
1. a. Provide year-end interest coverages before and after taxes for the last three years and at the latest date (indenture and SEC bases) for the company, parent and system (consolidated).
- b. Provide year-end preferred stock dividend coverages for last three years and at latest date (character and SEC bases).

Response:

	2020	2021	2022	2023	2024	2025	2026	2027
Capitalization (Without Short Term Debt)								
Long Term Debt	119,870,000	119,870,000	112,370,000	152,370,000	192,370,000	192,370,000	192,040,000	192,040,000
Common Equity	143,252,147	152,621,818	207,183,019	221,177,531	231,192,307	238,070,809	293,856,480	293,926,468
	263,122,147	272,491,818	319,553,019	373,547,531	423,562,307	430,440,809	485,896,480	485,966,468
Capitalization (With Short Term Debt)								
Long Term Debt	119,870,000	119,870,000	112,370,000	152,370,000	192,370,000	192,370,000	192,040,000	192,040,000
Short Term Debt	6,699,697	29,319,981	29,739,959	30,273,001	15,807,585	38,375,346	15,132,309	18,638,933
Common Equity	143,252,147	152,621,818	207,183,019	221,177,531	231,192,307	238,070,809	293,856,480	293,926,468
	269,821,844	301,811,799	349,292,978	403,820,532	439,369,892	468,816,155	501,028,789	504,605,401
Capitalization Ratios (Without Short Term Debt)								
Long Term Debt	45.6%	44.0%	35.2%	40.8%	45.4%	44.7%	39.5%	39.5%
Common Equity	54.4%	56.0%	64.8%	59.2%	54.6%	55.3%	60.5%	60.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capitalization Ratios (With Short Term Debt)								
Long Term Debt	44.4%	39.7%	32.2%	37.7%	43.8%	41.0%	38.3%	38.1%
Short Term Debt	2.5%	9.7%	8.5%	7.5%	3.6%	8.2%	3.0%	3.7%
Common Equity	53.1%	50.6%	59.3%	54.8%	52.6%	50.8%	58.7%	58.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	2022	2023	2024
Before Tax Interest Coverage (Including Short Term Debt)	4.83	4.55	3.43
Before Tax Interest Coverage (Excluding Short Term Debt)	5.13	5.15	3.62
After Tax Interest Coverage (Including Short Term Debt)	4.83	4.37	3.28
After Tax Interest Coverage (Excluding Short Term Debt)	5.13	4.93	3.46

The Company has no preferred stock issued.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN LATEST PROSPECTUS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

2. Provide latest prospectus (company and parent).

Response: In April, 2022, the Company closed an underwritten public offering of 976,600 shares and an over-allotment of 146,340 shares. Janney Montgomery Scott LLC was the underwriter in the offering. Company received net proceeds in the offering, after deducting offering expenses and underwriter's discounts and commissions, of approximately \$43.0 million. The net proceeds were used for general corporate purposes, including the Company's capital investment program, repayment of outstanding indebtedness, and potential acquisitions.

A copy of the Prospectus Supplement, dated April 1, 2022, issued in connection with the common stock offering is attached.

## THE YORK WATER COMPANY



**“That good York water”**  
SINCE 1816

### 975,600 Shares of Common Stock

The York Water Company (“York Water” or the “Company”) is offering 975,600 shares of its common stock, no par value (“York Water Common Stock”).

York Water Common Stock is listed on the NASDAQ Global Select Market under the symbol “YORW.” On March 30, 2022, the closing price of York Water Common Stock on the NASDAQ Global Select Market was \$45.45 per share.

**Investing in York Water Common Stock involves risks. See “Risk Factors” beginning on page S-6 of this prospectus supplement, page 3 of the accompanying prospectus and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus.**

	<u>Per Share</u>	<u>Total</u>
Public offering price .....	\$41.00	\$39,999,600
Underwriting Discounts and Commissions <sup>(1)</sup> .....	\$ 1.64	\$ 1,599,984
Proceeds, before expenses, to York Water .....	\$39.36	\$38,399,616

<sup>(1)</sup> Assumes no exercise of the underwriter’s option to purchase additional shares, described below.

The underwriter has an option, exercisable within 30 days after the date of this prospectus supplement, to purchase up to 146,340 additional shares of York Water Common Stock directly from us on the same terms set forth above.

**Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the related prospectus. Any representation to the contrary is a criminal offense.**

**No person has been authorized to give any information or to make any representations other than those contained in this prospectus supplement. If any other information or representations are given or made, you must not rely on them as having been authorized.**

The underwriter expects to deliver the shares of York Water Common Stock to purchasers on or about April 5, 2022.

**Janney Montgomery Scott**

**This Prospectus Supplement is dated April 1, 2022**

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### PROSPECTUS

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## ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to “York Water,” “Company,” “we,” “us,” “our” or similar references mean The York Water Company. In this prospectus supplement references to “\$” or “dollars” are to the lawful currency of the United States.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of York Water Common Stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus dated September 27, 2021, including the documents incorporated by reference therein, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in any document incorporated by reference that was filed with the United States Securities and Exchange Commission (the “SEC”) before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date (for example, a document incorporated by reference in this prospectus supplement or in the accompanying prospectus) the statement in the document having the later date modifies or supersedes the earlier statement. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 we have filed with the SEC, under the Securities Act of 1933, as amended (the “Securities Act”). This prospectus supplement and the accompanying prospectus do not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may find the registration statement, including exhibits, on the SEC’s website at [www.sec.gov](http://www.sec.gov). See “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

We have not, and the underwriter has not, authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus we may provide to you in connection with this offering. Neither we nor the underwriter take any responsibility for, or provide any assurances as to the reliability of, any additional or different information that others may give you. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you in connection with this offering is accurate only as of their respective dates or as of the respective dates specified in such information, as applicable, and the information contained in documents incorporated by reference is accurate only as of the respective dates of those documents or as of the respective dates specified in such information, as applicable, in each case regardless of the time of delivery of this prospectus supplement or the accompanying prospectus or any such free writing prospectus or any sale of York Water Common Stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell or a solicitation of an offer to buy shares of York Water Common Stock in any state or other jurisdiction to any person to whom it is unlawful to make such an offer or solicitation.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We discuss in this prospectus supplement, the accompanying prospectus and in documents that we have incorporated into this prospectus by reference certain matters which are not historical facts, but which are “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan” and similar expressions are intended to identify “forward-looking statements.” We intend these forward-looking statements to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference, and in particular those factors referenced in the “Risk Factors” sections in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference. These forward-looking statements include, but are not limited to statements regarding:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

These forward-looking statements reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen. The Company does not intend to make a public announcement when forward-looking statements in this prospectus supplement are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather, including drought conditions or extended periods of heavy rainfall;
- natural disasters, including pandemics such as the current outbreak of the novel strain of coronavirus known as “COVID-19” and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

These forward-looking statements are neither promises nor guarantees of future performance due to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those indicated by these forward-looking statements, as well as those risks more fully discussed in the sections of this prospectus supplement and the accompanying prospectus entitled “Risk Factors” and the risk factors and cautionary statements described in other documents that we file from time to time with the SEC, including in our most recent Annual Report on Form 10-K for the year ended December 31, 2021.

Given these uncertainties, readers should not place undue reliance on our forward-looking statements. These forward-looking statements speak only as of the date on which such statements were made and are not guarantees of future performance. Except as may be required by applicable law, we do not undertake to update any forward-looking statements after the date of this prospectus or the respective dates of documents incorporated by reference herein or therein that include forward-looking statements.

## PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus supplement and accompanying prospectus and may not contain all of the information that is important to you. This prospectus supplement and the accompanying prospectus include or incorporate by reference information about the shares we are offering as well as information regarding our business and detailed financial data. You should read this prospectus supplement, the accompanying prospectus and any information incorporated by reference herein and therein in their entirety before making an investment decision.

*The terms “York Water,” “Company,” “we,” “us,” “our” or similar references mean The York Water Company. The term “you” refers to a prospective investor. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including especially the “Risk Factors” sections of this prospectus supplement and the accompanying prospectus, as well as the documents to which we have referred you in the section entitled “Where You Can Find More Information.”*

### **About The York Water Company**

We were organized under the laws of the Commonwealth of Pennsylvania in 1816 and are the oldest investor-owned water utility in the United States. The primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. We also own and operate two wastewater collection systems and five wastewater collection and treatment systems. We operate within our franchised water and wastewater territory, which covers portions of 51 municipalities within three counties in south-central Pennsylvania. We are regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. We must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through our own distribution system. We obtain the bulk of its water supply from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of 73.0 million gallons. This combined watershed area is approximately 117 square miles. We have two reservoirs, Lake Williams and Lake Redman, which together store approximately 2.2 billion gallons of water. We supplement our reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. We also own nine wells which are capable of providing a safe yield of approximately 597,000 gallons per day to supply water to the customers of our satellite systems in Adams County. As of December 31, 2021, our average daily availability was 39.6 million gallons, and average daily consumption was approximately 20.1 million gallons. Our service territory had an estimated population of 204,000 as of December 31, 2021. Industry within our service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

### **Corporate Information**

Our principal executive offices are located at 130 East Market Street, York, Pennsylvania 17401. Our telephone number is (717) 845-3601. Our website address is [www.yorkwater.com](http://www.yorkwater.com). The information contained on our website is not incorporated by reference into, and does not form any part of, this preliminary prospectus.

### **Our Mission Statement**

The York Water Company is committed to providing our customers with safe, dependable, high-quality water, wastewater, and related services that meet or exceed customer expectations at reasonable rates in an environment encouraging dedicated employees to achieve their highest standard of performance while earning a fair return for our shareholders.

### **Our Business Strategy**

*Invest in Projects, Products and Services that Complement our Core Water and Wastewater Competencies and Extend the Reach of Our Utility Services to Additional Customers*

We continuously upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve current and future generations of water and wastewater customers. Each acquisition requires a detailed asset management inventory and improvement program to improve acquired assets to our operating,

reliability, and redundancy standards. We have identified \$94.0 million of capital expenditure projects in 2022 and 2023 for routine transmission and distribution projects as well as additional main extensions, dam improvements, an elevated water tank, water treatment plant construction, and various replacements of infrastructure.

#### *Timely and Adequate Recovery of Infrastructure Investments and Other Costs to Maintain Service Quality*

From time to time, we file applications for rate increases with the PPUC and are granted rate relief as a result of such requests. Most recently, the PPUC authorized an increase in rates effective March 1, 2019. We anticipate filing a rate increase request in 2022. The PPUC permits water utilities to collect a distribution system improvement charge, or DSIC. The DSIC allows us to add a charge to customers' bills for qualified replacement costs of certain infrastructure without submitting a rate filing. This surcharge mechanism typically adjusts periodically based on additional qualified capital expenditures completed or anticipated in a future period.

#### *Prudent Acquisition of Water and Wastewater Utilities*

Numerous municipally-owned and investor-owned regulated water and wastewater utility systems operate in or near our service territory. We have extensive experience acquiring and integrating other market participants and assets. In 2020, we acquired the wastewater collection and treatment facilities of the Letterkenny Township Municipal Authority, expanding our territory into our third county in southcentral Pennsylvania and our 51<sup>st</sup> municipality. In 2021, we acquired the wastewater collection assets of West Manheim Township adding approximately 1,800 wastewater customers. Often the acquired systems are underperforming and require capital investment to bring the systems up to our standards.

#### *Geographic Footprint and Certificated Territory*

Our certificated territory in south-central Pennsylvania positions us to serve customers who often commute to Baltimore, Maryland and Washington, DC but who prefer the quality of life and cost of living in Pennsylvania. Our organic growth has benefitted from the recent active housing market, and our developer-friendly main extension protocols entice development in and adjacent to our certificated territory.

#### *Provide Exceptional Services and Maintain Commitment to our Status as a Trusted Brand*

We take pride in our ability to provide quality and life-sustaining water and wastewater utility services. Thousands of individual homes and businesses depend on our exceptional levels of service quality. This serious responsibility to deliver value to our customers, communities and shareholders motivates us to seek out ways to continually improve our business for the benefit of customers and shareholders.

### **Our Competitive Strengths**

#### *Demonstrated Earnings Power*

Our earnings are principally derived from the return on investment we earn on our utility assets. In the five years from 2017 to 2021, we successfully grew revenues from \$48.6 million to \$55.1 million. In the same period, earnings per share have risen from \$1.01 to \$1.30. We have provided an average return on equity of 11.0% over that period.

#### *Operations in Constructive Regulatory Jurisdictions*

We currently have our regulated utility operations in Pennsylvania which typically ranks as one of the best states in providing a constructive regulatory environment for utility operations. We have a wealth of experience working alongside regulators to provide quality water and wastewater services. Members of the management team are recruited to serve on a variety of committees and boards at the state and national level, including the American Water Works Association, the National Association of Water Companies, the Water Works Operators Association of Pennsylvania, the Pennsylvania Water Utility Council, the Pennsylvania Water Resources Advisory Council, and the Pennsylvania Technical Advisory Committee.

#### *Significant Opportunities for Investment in Infrastructure*

We are able to leverage our expertise in infrastructure improvements to improve safety and reliability throughout the territory in which we operate. We have identified approximately \$94.0 million of capital

expenditure projects in the next two years to provide a safe, adequate, and reliable supply of drinking water and to maintain proper handling and disposal of wastewater for our growing customer base. We are committed to redundancy in all systems, including information technology. This focus and investment mitigates risk of a potential single point of failure.

#### *History of Dividend Growth*

Our singular accomplishment of 608 consecutive dividends over 205 continuous years of operation distinguishes us from all other publicly traded utilities. We have never missed a dividend in over 200 years, which is believed to be the longest record of consecutive dividends in America. In 2021, we returned \$0.76 per share in dividends to our investors. This represents a 4.0% increase over dividends paid in 2020. We have increased our dividend each year for 25 consecutive years.

#### *Commitment to Environmental and Social Responsibility*

We consider environmental and social responsibility to include environmental leadership and sustainability, operational excellence, employee engagement, safety, inclusion and diversity, active community engagement, civic and charitable involvement, and transparency. We integrate environmental and social responsibility policies and practices into our daily operations.

#### *Dedicated Board of Directors*

We are governed by an experienced and dedicated Board of Directors who are well versed in public company governance and market strategy. The Board focuses on accountability, responsibility, reliability, and innovation in setting our corporate agenda. The Board is comprised of a diverse complement of directors who appreciate the importance of our culture and history, while looking for opportunities to advance financial and operational efficiencies.

#### *Experienced Management Team*

Our senior management team is highly experienced in the water and wastewater utility industry. JT Hand, President and CEO, has been with the Company for 14 years. The team is supported by a deep roster of diverse employees in leadership positions with extensive experience in the operation of regulated utility businesses.

## The Offering

*The following summary contains basic information about this offering and may not contain all of the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you in connection with this offering and the documents incorporated by reference herein and therein before making an investment decision.*

<b>Issuer</b> . . . . .	The York Water Company, a Pennsylvania corporation
<b>Description of Security Offered</b> . . . . .	975,600 shares of York Water Common Stock
<b>Underwriter's Option</b> . . . . .	The underwriter has an option, exercisable in whole or from time to time in part, to purchase up to 146,340 additional shares of York Water Common Stock directly from us, exercisable for 30 days after the date of this prospectus supplement.
<b>York Water Common Stock to be Outstanding Immediately after This Offering</b> <sup>(1)</sup> . . . . .	14,091,938 shares (or 14,238,278 shares if the underwriter exercises its option to purchase additional shares of York Water Common Stock in full).
<b>Nasdaq Global Select Market Symbol</b> . . . . .	YORW
<b>Annualized Dividend Rate</b> <sup>(2)</sup> . . . . .	\$0.7796 per share
<b>Use of Proceeds</b> . . . . .	We expect to use the net proceeds from this offering for general corporate purposes, including our capital investment program, repayment of outstanding indebtedness, and potential acquisitions.  See "Use of Proceeds."
<b>Risk Factors</b> . . . . .	Investing in York Water Common Stock involves risks. See "Risk Factors" in this prospectus supplement, the accompanying prospectus and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus for a discussion of some of the risks and other factors you should carefully consider before deciding to invest in shares of York Water Common Stock.
<b>Transfer Agent and Registrar</b> . . . . .	Broadridge Corporate Issuer Solutions, Inc.

- (1) In this prospectus supplement, unless otherwise indicated, the number of shares of York Water Common Stock outstanding and other information based thereon is based on 13,116,338 shares of York Water Common Stock outstanding as at March 21, 2022, and excludes:
- 75,557 shares of Common Stock that were reserved for future issuance as of December 31, 2021 under our Long Term Incentive Award Plan, as well as any automatic increases in the number of shares of our Common Stock reserved for future issuance under the such plan;
  - 54,021 shares of Common Stock that were reserved for future purchase as of December 31, 2021 under our Employee Stock Purchase Plan, as well as any automatic increases in the number of shares of our Common Stock reserved for future issuance under such plan; and
  - 396,544 shares of Common Stock that were reserved for future purchase as of December 31, 2021 under our Dividend Reinvestment and Direct Stock Purchase and Sale, as well as any automatic increases in the number of shares of our Common Stock reserved for future issuance under such plan.
- Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriter of its option to purchase additional shares of our common stock.
- (2) Based upon the fourth quarter of 2021 dividend rate of \$0.1949 per share annualized. Future dividends, if any, may be declared and paid at the discretion of the Company's Board of Directors and will depend on our future earnings, financial condition and other factors.

## Summary Financial Data

The following table sets forth summary financial data for the periods indicated. The summary financial data as of December 31, 2021, 2020 and 2019, and for each of the one-year periods ended December 31, 2021, 2020 and 2019 have been derived from our audited financial statements, which have been incorporated by reference in this prospectus supplement. The information set forth below should be read in conjunction with the Financial Statements and accompanying Notes to Financial Statements incorporated by reference in this prospectus supplement. Historical operating results are not necessarily indicative of results for any other period.

<b>For the Year</b>	<b>Summary of Operations</b>		
	<b>(In thousands of dollars, except per share amounts)</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating revenues .....	\$ 55,119	\$ 53,852	\$ 51,578
Operating expenses .....	<u>31,723</u>	<u>29,421</u>	<u>27,792</u>
Operating income .....	23,396	24,431	23,786
Interest expense .....	3,705	4,177	4,758
Gain on life insurance .....	—	515	—
Other income (expenses), net .....	<u>(1,587)</u>	<u>(2,153)</u>	<u>(2,386)</u>
Income before income taxes .....	18,104	18,616	16,642
Income taxes .....	<u>1,120</u>	<u>2,018</u>	<u>2,240</u>
Net income .....	<u>\$ 16,984</u>	<u>\$ 16,598</u>	<u>\$ 14,402</u>
<b>Per Share of Common Stock</b>			
Book value .....	\$ 11.64	\$ 10.97	\$ 10.31
Earnings per share:			
Basic .....	1.30	1.27	1.11
Diluted .....	1.30	1.27	1.11
Weighted average number of shares outstanding during the year:			
Basic .....	13,076,263	13,033,681	12,964,080
Diluted .....	13,077,290	13,034,520	12,966,292
Cash dividends declared per share .....	<u>0.7571</u>	<u>0.7280</u>	<u>0.7001</u>
<b>Utility Plant</b>			
Original cost, net of acquisition adjustments .....	\$ 482,113	\$ 434,963	\$ 398,065
Construction expenditures .....	<u>34,409</u>	<u>32,123</u>	<u>18,425</u>
<b>Other</b>			
Total assets .....	\$ 458,853	\$ 406,957	\$ 363,529
Long-term debt including current portion .....	<u>146,369</u>	<u>123,573</u>	<u>101,035</u>

## RISK FACTORS

*Investing in York Water Common Stock involves risks. You should review and carefully consider the risks, uncertainties and other factors described below and all of the information included elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before deciding to invest in the shares of York Water Common Stock. We also urge you to consider carefully the risks, uncertainties and other factors set forth under the heading “Cautionary Note Regarding Forward-Looking Statements”. However, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, operations, financial condition and financial results and the value of the York Water Common Stock. The risk factors set forth in this prospectus supplement replace the risk factors set forth in the accompanying prospectus in their entirety.*

### **Risks Related to York Water Common Stock**

**The price of York Water Common Stock may be volatile. This volatility may affect the price at which you could sell York Water Common Stock, and the sale or resale of substantial amounts of York Water Common Stock could adversely affect the market price of York Water Common Stock.**

The price of York Water Common Stock may be volatile. This volatility may affect the price at which you could sell York Water Common Stock, and the sale or resale of substantial amounts of York Water Common Stock could adversely affect the market price of York Water Common Stock. The market price for York Water Common Stock has historically experienced, and may continue to experience, volatility. This volatility may affect the price at which you could sell York Water Common Stock, and the sale or issuance of substantial amounts of York Water Common Stock, or the perception that such sales or issuances could occur, could adversely affect the market price of York Water Common Stock. In addition, the availability for sale of substantial amounts of York Water Common Stock could adversely impact its market price. The issuance or sale of shares of York Water Common Stock, or the perception that such issuances or sales could occur, could adversely affect the market price of York Water Common Stock, even if our business is doing well. Any of the foregoing may also impair our ability to raise additional capital through the sale of shares of York Water Common Stock. The market price of York Water Common Stock may be influenced by many factors, some of which are beyond our control, including the factors discussed above under “Cautionary Note Regarding Forward-Looking Statements” or elsewhere in the accompanying prospectus and the documents incorporated by reference herein and therein and include the following:

- actual or anticipated fluctuations in our operating results or our competitors’ or peers’ operating results;
- actions by applicable regulatory authorities;
- announcements by us, our competitors or our partners of significant contracts, acquisitions, divestitures or strategic investments;
- our growth rate and our competitors’ or peers’ growth rates;
- the financial markets and general economic conditions;
- changes in stock market analyst recommendations regarding us, our competitors, our peers or the water utility industry generally, or lack of analyst coverage of York Water Common Stock;
- sales of York Water Common Stock by our executive officers, directors and significant shareholders or sales of substantial amounts of York Water Common Stock or securities convertible into or exchangeable for York Water Common Stock, including certain of our cumulative and convertible preferred stock;
- changes in the amount of York Water Common Stock dividends per share, the common stock dividends per share paid by our competitors and interest rates; and
- changes in tax laws and regulations.

**There are certain risks related to conflicts of interest for insurance companies and employee benefit plans.**

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or the Internal Revenue Code of 1986, as amended, including an IRA or a Keogh plan (or a governmental plan to

which similar prohibitions apply), and that is considering an investment in York Water Common Stock with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase of York Water Common Stock could be a “prohibited transaction” under ERISA, the Internal Revenue Code or any substantially similar prohibition. This is discussed in more detail under “Certain ERISA Considerations” below.

### **Risks Related to the Operation and Regulation of Our Business**

**The rates we charge our customers are subject to regulation. If we are unable to obtain government approval of our requests for rate increases, or if approved rate increases are untimely or inadequate to cover our investments in utility plant and equipment and projected expenses, our results of operations may be adversely affected.**

Our ability to maintain and meet our financial objectives is dependent upon the rates we charge our customers, which are subject to approval by the PPUC. We file rate increase requests with the PPUC, from time to time, to recover our investments in utility plant and equipment and projected expenses. Any rate increase or adjustment must first be justified through documented evidence and testimony. The PPUC determines whether the investments and expenses are recoverable, the length of time over which such costs are recoverable, or, because of changes in circumstances, whether a remaining balance of deferred investments and expenses is no longer recoverable in rates charged to customers. Once a rate increase application is filed with the PPUC, the ensuing administrative and hearing process may be lengthy and costly. The timing of our rate increase requests is therefore dependent upon the estimated cost of the administrative process in relation to the investments and expenses that we hope to recover through the rate increase. In addition, the amount or frequency of rate increases may be decreased or lengthened as a result of changes in income tax laws regarding tax-basis depreciation as it applies to our capital expenditures or qualifying repair tax deductible expenditures, and by changes to income tax rates.

We can provide no assurances that future requests will be approved by the PPUC; and, if approved, we cannot guarantee that these rate increases will be granted in a timely or sufficient manner to cover the investments and expenses for which we sought the rate increase. If we are unable to obtain PPUC approval of our requests for rate increases, or if approved rate increases are untimely or inadequate to cover our investments in utility plant and equipment and projected expenses, our results of operations may be adversely affected.

**We are subject to federal, state and local regulation that may impose costly limitations and restrictions on the way we do business.**

Various federal, state and local authorities regulate many aspects of our business. Among the most important of these regulations are those relating to the quality of water we supply our customers, water allocation rights and the quality of the effluent we discharge from our wastewater treatment facilities. Government authorities continually review these regulations, particularly the drinking water quality regulations, and may propose new or more restrictive requirements in the future. We are required to perform water and wastewater quality tests that are monitored by the PPUC, the U.S. Environmental Protection Agency, or EPA, and the Pennsylvania Department of Environmental Protection, or DEP, for the detection of certain chemicals and compounds in our water and effluent. If new or more restrictive limitations on permissible levels of substances and contaminants in our water and wastewater are imposed, we may not be able to adequately predict the costs necessary to meet regulatory standards. If we are unable to recover the cost of implementing new water and wastewater treatment procedures in response to more restrictive quality regulations through our rates that we charge our customers, or if we fail to comply with such regulations, it could have a material adverse effect on our financial condition and results of operations.

We are also subject to water allocation regulations that control the amount of water that we can draw from water sources. The Susquehanna River Basin Commission, or SRBC, and the DEP regulate the amount of water withdrawn from streams in the watershed for water supply purposes to assure that sufficient quantities are available to meet our needs and the needs of other regulated users. In addition, government drought restrictions could cause the SRBC or the DEP to temporarily reduce the amount of our allocations. If new or more restrictive water allocation regulations are implemented or our allocations are reduced due to weather conditions, it may have an adverse effect on our ability to supply the demands of our customers, and in turn, on our revenues and results of operations.

**Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.**

Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional requirements for water in connection with cooling systems, swimming pools, irrigation systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand will vary with temperature and rainfall levels. If temperatures during the typically warmer months are cooler than expected, or there is more rainfall than expected, the demand for our water may decrease and adversely affect our revenues.

**Weather conditions and overuse may interfere with our sources of water, demand for water services, and our ability to supply water to our customers.**

We depend on an adequate water supply to meet the present and future demands of our customers and to continue our expansion efforts. Unexpected conditions may interfere with our water supply sources. Drought and overuse may limit the availability of surface and ground water. These factors might adversely affect our ability to supply water in sufficient quantities to our customers and our revenues and earnings may be adversely affected. Additionally, cool and wet weather, as well as drought restrictions and our customers' conservation efforts, may reduce consumption demands, also adversely affecting our revenue and earnings. Furthermore, freezing weather may also contribute to water transmission interruptions caused by pipe and main breakage. If we experience an interruption in our water supply, it could have a material adverse effect on our financial condition and results of operations.

**The necessity for increased security has and may continue to result in increased operating costs.**

We have taken steps to increase security measures at our facilities and heighten employee awareness of threats to our water supply. We have also tightened our security measures regarding the delivery and handling of certain chemicals used in our business. We have and will continue to bear increased costs for security precautions to protect our facilities, operations and supplies. We are not aware of any specific threats to our facilities, operations or supplies. However, it is possible that we would not be in a position to control the outcome of such events should they occur.

**We rely on our information technology systems to help manage our operations.**

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and, in some cases, the monitoring and operation of our operating facilities. Our computer and communications systems and operations could be damaged or interrupted by natural disasters, cyber-attacks, power loss and internet, telecommunications or data network failures or acts of war or terrorism or similar events or disruptions. Any of these or other events could cause service interruption, delays and loss of critical data or impede aspects of operations and therefore, adversely affect our financial results.

Cyber-attacks on entities around the world have caused operational failures and/or compromised corporate and personal data. Such attacks could result in the loss, or compromise, of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other management functions. Possible impacts associated with a cyber-incident may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation and reputational damage.

**We depend significantly on the services of the members of our senior management team, and the departure of any of those persons could cause our operating results to suffer.**

Our success depends significantly on the continued individual and collective contributions of our senior management team. If we lose the services of any member of our senior management or are unable to hire and retain experienced management personnel, our operating results could suffer.

**Work stoppages and other labor relations matters could adversely affect our operating results.**

Approximately one-third of our workforce is unionized under a contract with a labor union. In light of rising costs for healthcare and retirement benefits, contract negotiations in the future may be difficult. We are subject to

a risk of work stoppages and other labor actions as we negotiate with the union to address these issues, which could affect our business, financial condition, and results of operations. Although we believe we have a good relationship with our union workforce and have a strike contingency plan, we cannot be assured that issues with our labor force will be resolved favorably to us in the future or that we will not experience work stoppages.

**The failure of, or the requirement to repair, upgrade or dismantle, either of our dams may adversely affect our financial condition and results of operations.**

Our water system includes two impounding dams. While we maintain active and robust dam maintenance and inspection programs, a failure of the dams could result in injuries and damage to residential and/or commercial property downstream for which we may be responsible, in whole or in part. The failure of a dam could also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. We carry liability insurance on our dams, however, our limits may not be sufficient to cover all losses or liabilities incurred due to the failure of one of our dams. The estimated costs to maintain and upgrade our dams are included in our capital budget. Although such costs have previously been recoverable in rates, there is no guarantee that these costs will continue to be recoverable and in what magnitude they will be recoverable.

**Wastewater operations entail significant risks and may impose significant costs.**

Wastewater collection and treatment and septage pumping and sludge hauling involve various unique risks. If collection or treatment systems fail or do not operate properly, or if there is a spill, untreated or partially treated wastewater could discharge onto property or into nearby streams and rivers, causing various damages and injuries, including environmental damage. These risks are most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damages and injuries could materially and adversely affect our business, financial condition, and results of operations.

**Financial, Economic and Market Related Risks**

**General economic conditions may affect our financial condition and results of operations.**

A general economic downturn may lead to a number of impacts on our business that may affect our financial condition and results of operations. Such impacts may include: a reduction in discretionary and recreational water use by our residential water customers, particularly during the summer months when such discretionary usage is normally at its highest; a decline in usage by industrial and commercial customers as a result of decreased business activity; an increased incidence of customers' inability to pay or delays in paying their utility bills, or an increase in customer bankruptcies, which may lead to higher bad debt expense and reduced cash flow; a lower customer growth rate due to a decline in new housing starts; and a decline in the number of active customers due to housing vacancies or abandonments. A deterioration in general economic conditions may also lead to an investment market downturn, which may result in our pension plans' asset market values suffering a decline and significant volatility. A decline in our pension plans' asset market values could increase our required cash contributions to these plans and pension expense in subsequent years.

**The current concentration of our business in central and southern Pennsylvania makes us particularly susceptible to adverse developments in local economic and demographic conditions.**

Our service territory presently includes 51 municipalities within three counties in south-central Pennsylvania. Our revenues and operating results are therefore especially subject to local economic and demographic conditions in the area. A change in any of these conditions could make it more costly or difficult for us to conduct our business. In addition, any such change would have a disproportionate effect on us, compared to water and wastewater utility companies that do not have such a geographic concentration.

**We depend on the availability of capital for expansion, construction and maintenance.**

Our ability to continue our expansion efforts and fund our construction and maintenance program depends on the availability of adequate capital. There is no guarantee that we will be able to obtain sufficient capital in the future or that the cost of capital will not be too high for future expansion and construction. In addition, approval from the PPUC must be obtained prior to our sale and issuance of securities. If we are unable to obtain

approval from the PPUC on these matters, or to obtain approval in a timely manner, it may affect our ability to effect transactions that are beneficial to us or our shareholders. A single transaction may itself not be profitable but might still be necessary to continue providing service or to grow the business.

**The failure to maintain our existing credit rating could affect our cost of funds and related liquidity.**

Standard & Poor's Ratings Services rates our outstanding debt and has given a credit rating to us. Their evaluations are based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. Failure to maintain our current credit rating could adversely affect our cost of funds and related liquidity.

**We may face competition from other water suppliers or wastewater service providers that may hinder our growth and reduce our profitability.**

We face competition from other water suppliers for acquisitions, which may limit our growth opportunities. Furthermore, even after we have been the successful bidder in an acquisition, competing water suppliers or wastewater service providers may challenge our application for extending our franchise territory to cover the target company's market. Finally, third parties either supplying water on a contract basis to municipalities or entering into agreements to operate municipal water or wastewater systems might adversely affect our business by winning contracts that may be beneficial to us. If we are unable to compete successfully with other water suppliers and wastewater service providers for these acquisitions, franchise territories and contracts, it may impede our expansion goals and adversely affect our profitability.

**An important element of our growth strategy is the acquisition of water and wastewater systems. Any pending or future acquisitions we decide to undertake will involve risks.**

The acquisition and integration of water and wastewater systems is an important element in our growth strategy. This strategy depends on identifying suitable acquisition opportunities and reaching mutually agreeable terms with acquisition candidates. The negotiation of potential acquisitions as well as the integration of acquired businesses could require us to incur significant costs. Further, acquisitions may result in dilution for the owners of our common stock, our incurrence of debt and contingent liabilities and fluctuations in quarterly results. In addition, the businesses and other assets we acquire may not achieve the financial results that we expect, which could adversely affect our profitability.

**We have restrictions on our dividends. There can also be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.**

The terms of our debt instruments impose conditions on our ability to pay dividends. We have paid dividends on our common stock each year since our inception in 1816 and have increased the amount of dividends paid each year since 1997. Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends on our common stock and the amount of those dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

**If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.**

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our control. We believe that our cash generated from operations, and, if necessary, borrowings under our existing credit facilities will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are not as favorable to us. No assurance can be given that any refinancing or sale of equity will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

**There is a limited trading market for our common stock; you may not be able to resell your shares at or above the price you pay for them.**

Although our common stock is listed for trading on the NASDAQ Global Select Market, the trading in our common stock has substantially less liquidity than many other companies quoted on the NASDAQ Global Select Market. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Because of the limited volume of trading in our common stock, a sale of a significant number of shares of our common stock in the open market could cause our stock price to decline.

**The final determination of our income tax liability may be materially different from our income tax provision.**

Significant judgment is required in determining our provision for income taxes. The calculation of the provision for income taxes is subject to our interpretation of applicable business tax laws in the federal and state jurisdictions in which we file. In addition, our income tax returns are subject to periodic examination by the Internal Revenue Service, or IRS, and other taxing authorities.

In December 2014, we changed our tax method of accounting to permit the expensing of qualifying asset improvement costs that were previously being capitalized and depreciated for tax purposes. Our determination of what qualifies as a capital cost versus a repair expense tax deduction is subject to subsequent adjustment and may impact the income tax benefits that have been recognized.

Although we believe our income tax estimates are appropriate, there is no assurance that the final determination of our income tax liability will not be materially different, either higher or lower, from what is reflected in our income tax provision. In the event we are assessed additional income taxes, our business, financial condition, and results of operations could be adversely affected.

**We are subject to market and interest rate risk on our \$12,000,000 variable interest rate debt issue.**

We are subject to interest rate risk in conjunction with our \$12,000,000 variable interest rate debt issue. This exposure, however, has been hedged with an interest rate swap. This hedge will protect the Company from the risk of changes in the benchmark interest rates but does not protect the Company's exposure to the changes in the difference between its own variable funding rate and the benchmark rate. A breakdown of the historical relationships between the cost of funds of the Company and the benchmark rate underlying the interest rate swap could result in higher interest rates adversely affecting our financial results.

The holders of the \$12,000,000 variable rate Pennsylvania Economic Development Financing Authority (PEDFA) Series A Bonds may tender their bonds at any time. When the bonds are tendered, they are subject to an annual remarketing agreement, pursuant to which a remarketing agent attempts to remarket the tendered bonds pursuant to the terms of the Indenture. In order to keep variable interest rates down and to enhance the marketability of the Series A Bonds, the Company entered into a Reimbursement, Credit and Security Agreement with PNC Bank, National Association ("the Bank") dated as of May 1, 2008. This agreement provides for a direct pay letter of credit issued by the Bank to the trustee for the Series A Bonds. The letter of credit expires June 30, 2023 and is reviewed annually for a potential extension of the expiration date. The Bank is responsible for providing the trustee with funds for the timely payment of the principal and interest on the Series A Bonds and for the purchase price of the Series A Bonds that have been tendered or deemed tendered for purchase and have not been remarketed. If the Bank is unable to meet its obligations, the Company would be required to buy any bonds which had been tendered.

### **Risks Related to Health, Safety and Environmental Concerns**

**Some scientific experts are predicting a worsening of weather volatility in the future, possibly created by the climate change greenhouse gases. Changing severe weather patterns could require additional expenditures to reduce the risk associated with any increasing storm, flood and drought occurrences.**

The issue of climate change continues to receive attention worldwide. Many climate change predictions, if true, present several potential challenges to water and wastewater utilities, such as increased frequency and duration of droughts, increased precipitation and flooding, potential degradation of water quality, and the

resulting changes in demand for services. The changes may result in lower revenue, the need for additional capital expenditures, or increased costs. Because of the uncertainty of weather volatility related to climate change, we cannot predict its potential impact on our business, financial condition, or results of operations. Although any potential expenditures and costs may be recovered in the form of higher rates, there can be no assurance that the PPUC would approve rate increases to enable us to recover such expenditures and costs. We cannot assure you that our costs of complying with any climate change related measures will not harm our business, financial condition, or results of operations.

**Contamination of our water supply may cause disruption in our services and adversely affect our revenues.**

Our water supply is subject to contamination from the migration of naturally-occurring substances in groundwater and surface systems and pollution resulting from man-made sources. In the event that our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to substitute the flow of water from an uncontaminated water source through our interconnected transmission and distribution facilities. In addition, we may incur significant costs in order to treat the contaminated source through expansion of our current treatment facilities or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, may have an adverse effect on our revenues.

**If our sources of water or water at customer sites become contaminated, it could subject us to reduction in usage, regulatory actions, damage to our reputation and private litigation.**

Our primary business is to impound, purify to meet or exceed safe drinking water standards and distribute water. Contamination of the water provided to our customers exposes us to risks, including regulatory or government action, customer exposure to contamination or hazardous substances in the water, and resulting private claims and litigation. Negative impacts to our reputation may occur even if we are not responsible for any contamination or its consequences. Pending or future claims against us and reputational damage could have a material adverse impact on our business, financial condition, and results of operations.

**The Novel Coronavirus (COVID-19) pandemic and the attempt to contain it may harm our business, results of operations, financial condition and liquidity.**

On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact that COVID-19 will have on the Company, our customers and our vendors prospectively depends on numerous uncertainties, including the severity and duration of the pandemic, sufficiency of the government's vaccination program and actions which could potentially be taken by federal or state governmental and/or regulatory authorities and could have an adverse effect on the Company's business, results of operations, financial condition, and liquidity.

## **USE OF PROCEEDS**

We will receive approximately \$38.2 million in net proceeds from the sale of the shares of York Water Common Stock we are offering pursuant to this prospectus supplement, after deducting an aggregate of approximately \$1.8 million in underwriting discounts and commissions and estimated offering expenses. If the underwriter's option is exercised in full, we estimate that our net proceeds will be approximately \$44.0 million.

We expect to use all of the net proceeds from this offering for general corporate purposes, including our capital investment program, repayment of outstanding indebtedness, and potential acquisitions.

## CAPITALIZATION

The following table sets forth, as of December 31, 2021, our capitalization on an actual basis and on an as adjusted basis to give effect to the sale of the shares of Common Stock in this offering. This table should be read in conjunction with our Financial Statements and the Notes to Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021, which are incorporated by reference herein.

	As of December 31, 2021 (In thousands of Dollars)			
	Actual	% of Capitalization	As Adjusted	% of Capitalization
Common Stock Equity . . . . .	\$152,622	51.0%	\$190,857	56.6%
Long-Term Debt, including Current Portion <sup>(1)</sup> . . . . .	146,369	49.0%	146,369	43.4%
Total Capitalization . . . . .	\$298,991	100.0%	\$337,226	100.0%

<sup>(1)</sup> As adjusted amount does not reflect the repayment of outstanding indebtedness as noted in “Use of Proceeds”.

## **MATERIAL UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS TO NON-U.S. HOLDERS**

The following is a summary of material United States federal income and estate tax consequences of the purchase, ownership and disposition of York Water Common Stock as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset (generally, property held for investment) by a non-U.S. holder (as defined below).

A “non-U.S. holder” means a beneficial owner of York Water Common Stock (other than an entity treated as a partnership for United States federal income tax purposes) that is not, for United States federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxes and does not deal with non-U.S., state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income and estate tax consequences applicable to non-U.S. holders that are subject to special treatment under the United States federal income tax laws, including, without limitation:

- United States expatriates;
- foreign pension funds;
- “controlled foreign corporations” and “passive foreign investment companies”;
- a partnership or other pass-through entity for United States federal income tax purposes (and investors therein);
- persons subject to the alternative minimum tax;
- persons holding York Water Common Stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- tax-exempt organizations or governmental organizations;
- persons deemed to sell York Water Common Stock under the constructive sale provisions of the Code; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to York Water Common Stock being taken into account in an applicable financial statement.

We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds York Water Common Stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding York Water Common Stock, you should consult your tax advisors.

*If you are considering the purchase of York Water Common Stock, you should consult your own tax advisors concerning the particular United States federal income and estate tax consequences to you of the purchase, ownership and disposition of York Water Common Stock, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.*

## **Dividends**

In the event that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of York Water Common Stock, the distribution generally will be treated as a dividend for United States federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder's common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder's adjusted tax basis in York Water Common Stock, the excess will be treated as gain from the disposition of York Water Common Stock (the tax treatment of which is discussed below under "*Gain on Disposition of Common Stock*").

Dividends paid to a non-U.S. holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed Internal Revenue Service ("IRS") Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if York Water Common Stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations, including the provision of a properly executed Form W-8IMY. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

## **Gain on Disposition of Common Stock**

Subject to the discussion of backup withholding below, any gain realized by a non-U.S. holder on the sale or other disposition of York Water Common Stock generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a “United States real property holding corporation” for United States federal income tax purposes and certain other conditions are met.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if any non-U.S. holder described in the first bullet point immediately above is a foreign corporation, the gain realized by such non-U.S. holder may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by United States source capital losses even though the individual is not considered a resident of the United States.

Generally, a corporation is a “United States real property holding corporation” if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for United States federal income tax purposes). We have not determined whether we are a “United States real property holding corporation” for United States federal income tax purposes. We can give no assurance that we are not or will not become one in the future. If we are or become a “United States real property holding corporation,” so long as York Water Common Stock is regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs, only a non-U.S. holder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder’s holding period) more than 5% of York Water Common Stock will be subject to United States federal income tax on the gain derived from the sale or other disposition of York Water Common Stock in the same manner as if the non-U.S. holder were a United States person as defined in the Code. Certain attribution rules are applicable in determining whether the 5% ownership threshold described above is exceeded.

### **Federal Estate Tax**

Common stock held by an individual non-U.S. holder at the time of death will be included in such holder’s gross estate for United States federal estate tax purposes and may give rise to United States federal estate tax, unless an applicable estate tax treaty provides otherwise.

### **Information Reporting and Backup Withholding**

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption (though such holder may be subject to the general dividend withholding tax discussed above in “Dividends”).

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of York Water Common Stock made within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder’s United States federal income tax liability provided the required information is timely furnished to the IRS.

### **Additional Withholding Requirements**

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as “FATCA”), a 30% United States federal withholding tax may apply to any dividends paid on York Water Common Stock to (1) a “foreign financial institution” (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (a) an exemption from FATCA, or (b) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (2) a “non-financial foreign entity” (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (a) an exemption from FATCA, or (b) adequate information regarding certain substantial United States beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under “Dividends,” the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. You should consult your own tax advisors regarding these requirements and whether they may be relevant to your ownership and disposition of York Water Common Stock.

## **CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of shares of York Water Common Stock by (i) employee benefit plans that are subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and (iii) entities which are deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements (each of the foregoing described in clauses (i), (ii), and (iii) being referred to herein as a “Plan”).

### **General Fiduciary Matters and Prohibited Transaction Issues**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code. ERISA and the Code contain certain exemptions from the prohibited transactions described above, and the Department of Labor has issued several exemptions, although certain exemptions do not provide relief from the prohibitions on self-dealing contained in Section 406(b) of ERISA and Sections 4975(c)(1)(E) and (F) of the Code. Exemptions include Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code pertaining to certain transactions with non-fiduciary service providers; Department of Labor Prohibited Transaction Class Exemption 95-60, which we refer to as a “PTCE,” applicable to transactions involving insurance company general accounts; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding investments effected by a qualified professional asset manager; and PTCE 96-23, regarding investments effected by an in-house asset manager. There can be no assurance that any of these exemptions will be available with respect to an investment in York Water Common Stock. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code and the transactions may have to be rescinded.

In considering an investment in York Water Common Stock with a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duty to the Plan, including without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Government plans, foreign plans and certain church plans, while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans should consult with their counsel before acquiring shares of York Water Common Stock.

### **Representation**

Accordingly, by its acceptance of shares of York Water Common Stock, each purchaser and subsequent transferee will be deemed to have represented and warranted to York Water on each day including the date of its acceptance of the shares of York Water Common Stock through and including the date of disposition of such shares that (1) either (a) no portion of the assets used by such purchaser or transferee to acquire shares of York Water Common Stock constitutes assets of any Plan or (b) the acquisition, holding and disposition of shares of York Water Common Stock by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws and (2) it will notify York Water and the trustee immediately if, at any time, it is no longer able to make the representations contained in (1) above. Any purported transfer of the securities to a transferee that does not comply with the foregoing requirements shall be null and void ab initio.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing shares of York Water Common Stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code or any Similar Law and whether an exemption would be required. Neither this discussion nor anything provided in this prospectus is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of shares of York Water Common Stock should consult and rely on their own counsel and advisers as to whether an investment in shares of York Water Common Stock is suitable for the Plan. The sale of shares of York Water Common Stock to any Plan is in no respect a representation by us, an underwriter or any of our or their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such investment is prudent or appropriate for plans generally or any particular Plan.

## UNDERWRITING

Janney Montgomery Scott LLC is serving as the book-running manager of this offering. We and the underwriter named below have entered into an underwriting agreement with respect to the shares of York Water Common Stock being offered hereby. Subject to certain conditions set forth in the underwriting agreement, the underwriter has agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of York Water Common Stock set forth in the following table.

<u>Underwriter</u>	<u>Number of Shares</u>
Janney Montgomery Scott LLC . . . . .	975,600

The underwriter is committed to take and pay for all of the shares offered by us, if any are taken, other than the shares covered by the option described below. The obligations of the underwriter under the underwriting agreement may be terminated upon the occurrence of certain stated events.

We have granted to the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 146,340 additional shares of York Water Common Stock at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts. To the extent the option is exercised, the underwriter will become obligated, subject to certain conditions, to purchase such additional shares.

The underwriter proposes to offer some of the shares of York Water Common Stock to the public initially at the offering price per share shown on the cover page of this prospectus supplement and may offer shares of York Water Common Stock to certain dealers at such price less a concession not in excess of \$0.90 per share. The underwriter may allow, and such dealers may also allow, a concession not in excess of \$0.10 per share to certain other dealers. After the public offering of the shares of York Water Common Stock described herein, the public offering price and the concessions may be changed by the underwriter.

The following table shows the per share and total underwriting discount to be paid to the underwriter by us. These amounts are shown assuming both no exercise and full exercise of the underwriter's option:

	<u>Per Share</u>		<u>Total</u>	
	<u>No Exercise</u>	<u>Full Exercise</u>	<u>No Exercise</u>	<u>Full Exercise</u>
Underwriting discounts and commissions to be paid by us . . . . .	\$1.64	\$1.64	\$1,599,984	\$1,839,982

We estimate that the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$165,000, which will be paid by us.

We have agreed that we will not (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of York Water Common Stock or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, York Water Common Stock, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of York Water Common Stock (iii) file any registration statement with the SEC relating to the offering of any shares of York Water Common Stock or any securities convertible into or exercisable or exchangeable for York Water Common Stock, (iv) offer to sell shares of York Water Common Stock pursuant to a dividend reinvestment plan or direct share purchase plan at a discount to fair market value or (v) publicly announce an intention to effect any transaction or action specified in (i), (ii), (iii) or (iv), in each case without the prior written consent of Janney Montgomery Scott LLC for a period of 60 days after the date of this prospectus supplement, subject to certain limited exceptions set forth in the underwriting agreement.

Our directors and certain executive officers have entered into lock-up agreements with the underwriter in connection with this offering pursuant to which each of these persons will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, make any short sale, grant any option, right or warrant to purchase, lend, or otherwise transfer, sell or dispose of, directly or indirectly, any shares of York Water Common Stock or any securities convertible into or exercisable or exchangeable for York Water Common Stock, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part,

any of the economic consequences of ownership of any shares of York Water Common Stock, (iii) file any registration statement with the SEC relating to the offering of any shares of York Water Common Stock or any securities convertible into or exercisable or exchangeable for York Water Common Stock, or (iv) publicly announce an intention to effect any transaction specified in (i), (ii) or (iii), in each case without the prior written consent of Janney Montgomery Scott LLC for a period of 60 days after the date of this prospectus supplement, subject to certain limited exceptions set forth in the lock-up agreements.

We have agreed to indemnify the underwriter against certain liabilities that may be incurred in connection with this offering, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments the underwriter may be required to make in respect thereof.

York Water Common Stock is listed on the NASDAQ Global Select Market under the symbol “YORW.”

### **Stabilization and Short Positions**

In connection with this offering, the underwriter may effect certain transactions in shares of York Water Common Stock in the open market in order to prevent or retard a decline in the market price of York Water Common Stock while this offering is in progress. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriter of a greater number of shares than it is required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. “Covered” shorts are short positions in an amount not greater than the underwriter’s option described herein, and “naked” shorts are short positions in excess of that amount. In determining the source of shares to close out a “covered” short, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option. A “covered” short may be covered by either exercising the underwriter’s option or purchasing shares in the open market. A “naked” short is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of York Water Common Stock in the open market prior to the completion of the offering, and may only be closed out by purchasing shares in the open market. Stabilizing transactions consist of various bids for or purchases of York Water Common Stock made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriter for its own account, may have the effect of preventing or slowing a decline in the market price of York Water Common Stock and may stabilize, maintain or otherwise affect the market price of York Water Common Stock. As a result, the price of York Water Common Stock may be higher than the price that might otherwise exist in the open market. If these activities are commenced by the underwriter, they may be discontinued at any time. These transactions may be effected on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

### **Electronic Distribution**

In connection with this offering, the underwriter may distribute prospectuses by electronic means, such as email. In addition, the underwriter may facilitate Internet distribution for this offering to certain of its Internet subscription customers, and allocate a limited number of shares for sale to its online brokerage customers. A prospectus in electronic format is being made available on the website maintained by the underwriter. Other than the prospectus in electronic format, the information on the underwriter’s website and any information contained in any other website maintained by the underwriter is not a part of the prospectus or the registration statement, of which this prospectus supplement forms a part.

### **Other Relationships**

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, investment research, hedging, financing and brokerage activities. The underwriter and its affiliates have, from time to time, performed, and may provide from time to time in the future, various financial advisory and investment banking services for us, for which they have received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriter and its affiliates may from time to time effect transactions for their own account or the account of their customers, and hold on behalf

of themselves or their customers, long or short positions in our debt or equity securities (including related derivative securities) and financial instruments (including bank loans), and may continue to do so in the future. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Selling Restrictions**

### *Notice to Prospective Investors in Canada*

The shares of York Water Common Stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of York Water Common Stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriter is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## LEGAL MATTERS

Certain legal matters in connection with the validity of the shares of York Water Common Stock offered hereby will be passed upon for us by Reed Smith LLP. Certain legal matters will be passed upon for the underwriter by Holland & Knight LLP.

## EXPERTS

The financial statements and financial statement schedule incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2021 were audited by Baker Tilly US, LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given their authority as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement and the accompanying prospectus are part of the registration statement on Form S-3 we filed with the SEC under the Securities Act and does not contain all the information set forth in the registration statement. Whenever a reference is made in this prospectus supplement and the accompanying prospectus to any of our contracts, agreements or other documents, the reference may not be complete and you should refer to the exhibits that are a part of the registration statement or the exhibits to the reports or other documents incorporated by reference into this prospectus for a copy of such contract, agreement or other document. We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public at the SEC's website at <http://www.sec.gov>, and through a link on our website at <http://www.yorkwater.com>.

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus supplement and the accompanying prospectus information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. The information incorporated by reference is considered to be part of this prospectus. Information contained in this prospectus and information that we file with the SEC in the future and incorporate by reference in this prospectus automatically updates and supersedes previously filed information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the sale of all the shares covered by this prospectus supplement and the accompanying prospectus.

- Our Annual Report on Form 10-K for the year ended December 31, 2021;
- The description of our Common Stock contained in our registration statement on Form 8-A filed with the SEC, including any amendments or reports filed for the purpose of updating such description; and
- All documents filed by the Company after the date of this prospectus supplement pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the termination of the offering of the securities covered by this prospectus supplement, except as to any portion of any future report or document that is not deemed filed under such provisions..

You may request a copy of these documents, which will be provided to you at no cost, by writing or telephoning us using the following contact information:

The York Water Company  
130 East Market Street  
York, Pennsylvania 17401  
Attn: Matthew E. Poff, Chief Financial Officer  
Telephone: (717) 845-3601

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. We are offering to sell, and seeking offers to buy, securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus or of any sale of securities.

# THE YORK WATER COMPANY

## Common Stock Debt Securities

This prospectus relates to common stock and debt securities, including debt securities convertible into common stock that we, The York Water Company, may sell from time to time in one or more offerings. This prospectus will allow us to issue securities over time and describes some of the general terms that may apply to an offering of such securities. We will provide a prospectus supplement each time we issue securities, which will inform you about the specific terms of that offering and may also supplement, update or amend information contained in this prospectus. You should read this prospectus, the information incorporated by reference in this prospectus and any prospectus supplement carefully before you invest.

Our common stock is listed on the NASDAQ Stock Market under the symbol “YORW.” On September 24, 2021, the last reported sale price of our common stock on the NASDAQ Stock Market was \$44.45 per share. The applicable prospectus supplement will contain information, where applicable, as to other listings, if any, on the NASDAQ Stock Market or other securities exchange of the securities covered by the applicable prospectus supplement.

*Investing in our securities involves a high degree of risk. Before making an investment decision, you should review carefully the risks described under the heading “Risk Factors” beginning on page 3 of this prospectus and any similar section contained in the applicable prospectus supplement and in any free writing prospectuses we have authorized for use in connection with a specific offering, and under similar headings in the documents that are incorporated by reference into this prospectus.*

We may offer the securities to or through underwriters or dealers, directly to purchasers or through agents designated from time to time, on a continuous or delayed basis. For additional information on the methods of sale, you should refer to the section entitled “Plan of Distribution” in this prospectus. If any underwriters are involved in the sale of any securities with respect to which this prospectus is being delivered, the names of such underwriters and any applicable discounts or commissions and over-allotment options will be set forth in a prospectus supplement. The price to the public of such securities and the net proceeds we expect to receive from such sale will also be set forth in a prospectus supplement.

**This prospectus may not be used to consummate a sale of any securities unless accompanied by a prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

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## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or “SEC,” using a “shelf” registration or continuous offering process. Under this shelf registration process, we may, from time to time, sell common stock or debt securities described in this prospectus in one or more offerings.

Each time we sell any securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement also may add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information” before buying any securities in an offering.

You should rely only on the information contained in or incorporated by reference into this prospectus or any applicable prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or seeking an offer to buy securities under this prospectus or any applicable prospectus supplement in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus, any applicable prospectus supplement and the documents incorporated by reference herein and therein are accurate only as of their respective dates, regardless of the time of delivery of this prospectus or any sale of a security.

In this prospectus, unless the context specifically indicates otherwise “the Company,” “we,” “us” and “our” refer to The York Water Company.

## **ABOUT THE YORK WATER COMPANY**

We were organized under the laws of the Commonwealth of Pennsylvania in 1816 and are the oldest investor-owned water utility in the United States. Our primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. We also own and operate two wastewater collection systems and five wastewater collection and treatment systems. We operate within our franchised water and wastewater territory, which covers portions of 51 municipalities within three counties in south-central Pennsylvania. We are regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. We must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through our own distribution system. We obtain the bulk of our water supply from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of 73.0 million gallons. This combined watershed area is approximately 117 square miles. We have two reservoirs, Lake Williams and Lake Redman, which together hold up to approximately 2.2 billion gallons of water. We supplement our reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. We also own nine wells which are capable of providing a safe yield of approximately 597,000 gallons per day to supply water to the customers of our satellite systems in Adams County. As of June 30, 2021, our average daily availability was 35.6 million gallons, and average daily consumption was approximately 20.2 million gallons. Our service territory had an estimated population of 202,000 as of December 31, 2020. Industry within our service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

Our principal executive offices are located at 130 East Market Street, York, Pennsylvania 17401. Our telephone number is (717) 845-3601. Our website address is [www.yorkwater.com](http://www.yorkwater.com). The information contained on our website is not incorporated by reference into, and does not form any part of, this prospectus.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We discuss in this prospectus and in documents that we have incorporated into this prospectus by reference certain matters which are not historical facts, but which are “forward-looking statements.” Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan” and similar expressions are intended to identify “forward-looking statements.” We intend these forward-looking statements to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to statements regarding:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

These forward-looking statements reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen. The Company does not intend to make a public announcement when forward-looking statements in this report are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather, including drought conditions or extended periods of heavy rainfall;
- natural disasters, including pandemics such as the current outbreak of the novel strain of coronavirus known as “COVID-19” and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

## RISK FACTORS

Investing in the securities described herein involves risk. We urge you to carefully consider the risk factors described below.

**The rates we charge our customers are subject to regulation. If we are unable to obtain government approval of our requests for rate increases, or if approved rate increases are untimely or inadequate to cover our investments in utility plant and equipment and projected expenses, our results of operations may be adversely affected.**

Our ability to maintain and meet our financial objectives is dependent upon the rates we charge our customers, which are subject to approval by the PPUC. We file rate increase requests with the PPUC, from time to time, to recover our investments in utility plant and equipment and projected expenses. Any rate increase or adjustment must first be justified through documented evidence and testimony. The PPUC determines whether the investments and expenses are recoverable, the length of time over which such costs are recoverable, or, because of changes in circumstances, whether a remaining balance of deferred investments and expenses is no longer recoverable in rates charged to customers. Once a rate increase application is filed with the PPUC, the ensuing administrative and hearing process may be lengthy and costly. The timing of our rate increase requests is therefore dependent upon the estimated cost of the administrative process in relation to the investments and expenses that we hope to recover through the rate increase. In addition, the amount or frequency of rate increases may be decreased or lengthened as a result of changes in income tax laws regarding tax-basis depreciation as it applies to our capital expenditures or qualifying repair tax deductible expenditures, and by changes to income tax rates.

We can provide no assurances that future requests will be approved by the PPUC; and, if approved, we cannot guarantee that these rate increases will be granted in a timely or sufficient manner to cover the investments and expenses for which we sought the rate increase. If we are unable to obtain PPUC approval of our requests for rate increases, or if approved rate increases are untimely or inadequate to cover our investments in utility plant and equipment and projected expenses, our results of operations may be adversely affected.

**We are subject to federal, state and local regulation that may impose costly limitations and restrictions on the way we do business.**

Various federal, state and local authorities regulate many aspects of our business. Among the most important of these regulations are those relating to the quality of water we supply our customers, water allocation rights and the quality of the effluent we discharge from our wastewater treatment facilities. Government authorities continually review these regulations, particularly the drinking water quality regulations, and may propose new or more restrictive requirements in the future. We are required to perform water and wastewater quality tests that are monitored by the PPUC, the U.S. Environmental Protection Agency, or EPA, and the Pennsylvania Department of Environmental Protection, or DEP, for the detection of certain chemicals and compounds in our water and effluent. If new or more restrictive limitations on permissible levels of substances and contaminants in our water and wastewater are imposed, we may not be able to adequately predict the costs necessary to meet regulatory standards. If we are unable to recover the cost of implementing new water and wastewater treatment procedures in response to more restrictive quality regulations through our rates that we charge our customers, or if we fail to comply with such regulations, it could have a material adverse effect on our financial condition and results of operations.

We are also subject to water allocation regulations that control the amount of water that we can draw from water sources. The Susquehanna River Basin Commission, or SRBC, and the DEP regulate the amount of water withdrawn from streams in the watershed for water supply purposes to assure that sufficient quantities are available to meet our needs and the needs of other regulated users. In addition, government drought restrictions could cause the SRBC or the DEP to temporarily reduce the amount of our allocations. If new or more restrictive water allocation regulations are implemented or our allocations are reduced due to weather conditions, it may have an adverse effect on our ability to supply the demands of our customers, and in turn, on our revenues and results of operations.

**Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.**

Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional requirements for water in connection with cooling systems, swimming pools, irrigation

systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand will vary with temperature and rainfall levels. If temperatures during the typically warmer months are cooler than expected, or there is more rainfall than expected, the demand for our water may decrease and adversely affect our revenues.

**Weather conditions and overuse may interfere with our sources of water, demand for water services, and our ability to supply water to our customers.**

We depend on an adequate water supply to meet the present and future demands of our customers and to continue our expansion efforts. Unexpected conditions may interfere with our water supply sources. Drought and overuse may limit the availability of surface and ground water. These factors might adversely affect our ability to supply water in sufficient quantities to our customers and our revenues and earnings may be adversely affected. Additionally, cool and wet weather, as well as drought restrictions and our customers' conservation efforts, may reduce consumption demands, also adversely affecting our revenue and earnings. Furthermore, freezing weather may also contribute to water transmission interruptions caused by pipe and main breakage. If we experience an interruption in our water supply, it could have a material adverse effect on our financial condition and results of operations.

**Some scientific experts are predicting a worsening of weather volatility in the future, possibly created by the climate change greenhouse gases. Changing severe weather patterns could require additional expenditures to reduce the risk associated with any increasing storm, flood and drought occurrences.**

The issue of climate change continues to receive attention worldwide. Many climate change predictions, if true, present several potential challenges to water and wastewater utilities, such as increased frequency and duration of droughts, increased precipitation and flooding, potential degradation of water quality, and the resulting changes in demand for services. The changes may result in lower revenue, the need for additional capital expenditures, or increased costs. Because of the uncertainty of weather volatility related to climate change, we cannot predict its potential impact on our business, financial condition, or results of operations. Although any potential expenditures and costs may be recovered in the form of higher rates, there can be no assurance that the PPUC would approve rate increases to enable us to recover such expenditures and costs. We cannot assure you that our costs of complying with any climate change related measures will not harm our business, financial condition, or results of operations.

**General economic conditions may affect our financial condition and results of operations.**

A general economic downturn may lead to a number of impacts on our business that may affect our financial condition and results of operations. Such impacts may include: a reduction in discretionary and recreational water use by our residential water customers, particularly during the summer months when such discretionary usage is normally at its highest; a decline in usage by industrial and commercial customers as a result of decreased business activity; an increased incidence of customers' inability to pay or delays in paying their utility bills, or an increase in customer bankruptcies, which may lead to higher bad debt expense and reduced cash flow; a lower customer growth rate due to a decline in new housing starts; and a decline in the number of active customers due to housing vacancies or abandonments. A deterioration in general economic conditions may also lead to an investment market downturn, which may result in our pension plans' asset market values suffering a decline and significant volatility. A decline in our pension plans' asset market values could increase our required cash contributions to these plans and pension expense in subsequent years.

**The current concentration of our business in central and southern Pennsylvania makes us particularly susceptible to adverse developments in local economic and demographic conditions.**

Our service territory presently includes 51 municipalities within three counties in south-central Pennsylvania. Our revenues and operating results are therefore especially subject to local economic and demographic conditions in the area. A change in any of these conditions could make it more costly or difficult for us to conduct our business. In addition, any such change would have a disproportionate effect on us, compared to water and wastewater utility companies that do not have such a geographic concentration.

**Contamination of our water supply may cause disruption in our services and adversely affect our revenues.**

Our water supply is subject to contamination from the migration of naturally-occurring substances in groundwater and surface systems and pollution resulting from man-made sources. In the event that our water

supply is contaminated, we may have to interrupt the use of that water supply until we are able to substitute the flow of water from an uncontaminated water source through our interconnected transmission and distribution facilities. In addition, we may incur significant costs in order to treat the contaminated source through expansion of our current treatment facilities or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, may have an adverse effect on our revenues.

**If our sources of water or water at customer sites become contaminated, it could subject us to reduction in usage, regulatory actions, damage to our reputation and private litigation.**

Our primary business is to impound, purify to meet or exceed safe drinking water standards and distribute water. Contamination of the water provided to our customers exposes us to risks, including regulatory or government action, customer exposure to contamination or hazardous substances in the water, and resulting private claims and litigation. Negative impacts to our reputation may occur even if we are not responsible for any contamination or its consequences. Pending or future claims against us and reputational damage could have a material adverse impact on our business, financial condition, and results of operations.

**The necessity for increased security has and may continue to result in increased operating costs.**

We have taken steps to increase security measures at our facilities and heighten employee awareness of threats to our water supply. We have also tightened our security measures regarding the delivery and handling of certain chemicals used in our business. We have and will continue to bear increased costs for security precautions to protect our facilities, operations and supplies. We are not aware of any specific threats to our facilities, operations or supplies. However, it is possible that we would not be in a position to control the outcome of such events should they occur.

**We rely on our information technology systems to help manage our operations.**

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and, in some cases, the monitoring and operation of our operating facilities. Our computer and communications systems and operations could be damaged or interrupted by natural disasters, cyber-attacks, power loss and internet, telecommunications or data network failures or acts of war or terrorism or similar events or disruptions. Any of these or other events could cause service interruption, delays and loss of critical data or impede aspects of operations and therefore, adversely affect our financial results.

Cyber-attacks on entities around the world have caused operational failures and/or compromised corporate and personal data. Such attacks could result in the loss, or compromise, of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other management functions. Possible impacts associated with a cyber-incident may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation and reputational damage.

**The Novel Coronavirus (COVID-19) pandemic and the attempt to contain it may harm our business, results of operations, financial condition and liquidity.**

On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact that COVID-19 will have on the Company, our customers and our vendors prospectively depends on numerous uncertainties, including the severity and duration of the pandemic, sufficiency of the government's vaccination program and actions which could potentially be taken by federal or state governmental and/or regulatory authorities and could have an adverse effect on the Company's business, results of operations, financial condition, and liquidity.

**We depend on the availability of capital for expansion, construction and maintenance.**

Our ability to continue our expansion efforts and fund our construction and maintenance program depends on the availability of adequate capital. There is no guarantee that we will be able to obtain sufficient capital in the future or that the cost of capital will not be too high for future expansion and construction. In addition,

approval from the PPUC must be obtained prior to our sale and issuance of securities. If we are unable to obtain approval from the PPUC on these matters, or to obtain approval in a timely manner, it may affect our ability to effect transactions that are beneficial to us or our shareholders. A single transaction may itself not be profitable but might still be necessary to continue providing service or to grow the business.

**The failure to maintain our existing credit rating could affect our cost of funds and related liquidity.**

Standard & Poor's Ratings Services rates our outstanding debt and has given a credit rating to us. Their evaluations are based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. Failure to maintain our current credit rating could adversely affect our cost of funds and related liquidity.

**We may face competition from other water suppliers or wastewater service providers that may hinder our growth and reduce our profitability.**

We face competition from other water suppliers for acquisitions, which may limit our growth opportunities. Furthermore, even after we have been the successful bidder in an acquisition, competing water suppliers or wastewater service providers may challenge our application for extending our franchise territory to cover the target company's market. Finally, third parties either supplying water on a contract basis to municipalities or entering into agreements to operate municipal water or wastewater systems might adversely affect our business by winning contracts that may be beneficial to us. If we are unable to compete successfully with other water suppliers and wastewater service providers for these acquisitions, franchise territories and contracts, it may impede our expansion goals and adversely affect our profitability.

**An important element of our growth strategy is the acquisition of water and wastewater systems. Any pending or future acquisitions we decide to undertake will involve risks.**

The acquisition and integration of water and wastewater systems is an important element in our growth strategy. This strategy depends on identifying suitable acquisition opportunities and reaching mutually agreeable terms with acquisition candidates. The negotiation of potential acquisitions as well as the integration of acquired businesses could require us to incur significant costs. Further, acquisitions may result in dilution for the owners of our common stock, our incurrence of debt and contingent liabilities and fluctuations in quarterly results. In addition, the businesses and other assets we acquire may not achieve the financial results that we expect, which could adversely affect our profitability.

**We have restrictions on our dividends. There can also be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.**

The terms of our debt instruments impose conditions on our ability to pay dividends. We have paid dividends on our common stock each year since our inception in 1816 and have increased the amount of dividends paid each year since 1997. Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends on our common stock and the amount of those dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

**If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.**

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our control. We believe that our cash generated from operations, and, if necessary, borrowings under our existing credit facilities will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are not as favorable to us. No assurance can be given that any refinancing or sale of equity will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

**We depend significantly on the services of the members of our senior management team, and the departure of any of those persons could cause our operating results to suffer.**

Our success depends significantly on the continued individual and collective contributions of our senior management team. If we lose the services of any member of our senior management or are unable to hire and retain experienced management personnel, our operating results could suffer.

**Work stoppages and other labor relations matters could adversely affect our operating results.**

Approximately one-third of our workforce is unionized under a contract with a labor union. In light of rising costs for healthcare and retirement benefits, contract negotiations in the future may be difficult. We are subject to a risk of work stoppages and other labor actions as we negotiate with the union to address these issues, which could affect our business, financial condition, and results of operations. Although we believe we have a good relationship with our union workforce and have a strike contingency plan, we cannot be assured that issues with our labor force will be resolved favorably to us in the future or that we will not experience work stoppages.

**There is a limited trading market for our common stock; you may not be able to resell your shares at or above the price you pay for them.**

Although our common stock is listed for trading on the NASDAQ Global Select Market, the trading in our common stock has substantially less liquidity than many other companies quoted on the NASDAQ Global Select Market. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Because of the limited volume of trading in our common stock, a sale of a significant number of shares of our common stock in the open market could cause our stock price to decline.

**The failure of, or the requirement to repair, upgrade or dismantle, either of our dams may adversely affect our financial condition and results of operations.**

Our water system includes two impounding dams. While we maintain active and robust dam maintenance and inspection programs, a failure of the dams could result in injuries and damage to residential and/or commercial property downstream for which we may be responsible, in whole or in part. The failure of a dam could also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. We carry liability insurance on our dams, however, our limits may not be sufficient to cover all losses or liabilities incurred due to the failure of one of our dams. The estimated costs to maintain and upgrade our dams are included in our capital budget. Although such costs have previously been recoverable in rates, there is no guarantee that these costs will continue to be recoverable and in what magnitude they will be recoverable.

**Wastewater operations entail significant risks and may impose significant costs.**

Wastewater collection and treatment and septage pumping and sludge hauling involve various unique risks. If collection or treatment systems fail or do not operate properly, or if there is a spill, untreated or partially treated wastewater could discharge onto property or into nearby streams and rivers, causing various damages and injuries, including environmental damage. These risks are most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damages and injuries could materially and adversely affect our business, financial condition, and results of operations.

**The final determination of our income tax liability may be materially different from our income tax provision.**

Significant judgment is required in determining our provision for income taxes. The calculation of the provision for income taxes is subject to our interpretation of applicable business tax laws in the federal and state jurisdictions in which we file. In addition, our income tax returns are subject to periodic examination by the Internal Revenue Service, or IRS, and other taxing authorities.

In December 2014, we changed our tax method of accounting to permit the expensing of qualifying asset improvement costs that were previously being capitalized and depreciated for tax purposes. Our determination of what qualifies as a capital cost versus a repair expense tax deduction is subject to subsequent adjustment and may impact the income tax benefits that have been recognized.

Although we believe our income tax estimates are appropriate, there is no assurance that the final determination of our income tax liability will not be materially different, either higher or lower, from what is reflected in our income tax provision. In the event we are assessed additional income taxes, our business, financial condition, and results of operations could be adversely affected.

**We are subject to market and interest rate risk on our \$12,000,000 variable interest rate debt issue.**

We are subject to interest rate risk in conjunction with our \$12,000,000 variable interest rate debt issue. This exposure, however, has been hedged with an interest rate swap. This hedge will protect the Company from the risk of changes in the benchmark interest rates but does not protect the Company's exposure to the changes in the difference between its own variable funding rate and the benchmark rate. A breakdown of the historical relationships between the cost of funds of the Company and the benchmark rate underlying the interest rate swap could result in higher interest rates adversely affecting our financial results.

The holders of the \$12,000,000 variable rate Pennsylvania Economic Development Financing Authority (PEDFA) Series A Bonds may tender their bonds at any time. When the bonds are tendered, they are subject to an annual remarketing agreement, pursuant to which a remarketing agent attempts to remarket the tendered bonds pursuant to the terms of the Indenture. In order to keep variable interest rates down and to enhance the marketability of the Series A Bonds, the Company entered into a Reimbursement, Credit and Security Agreement with PNC Bank, National Association ("the Bank") dated as of May 1, 2008. This agreement provides for a direct pay letter of credit issued by the Bank to the trustee for the Series A Bonds. The letter of credit expires June 30, 2022 and is reviewed annually for a potential extension of the expiration date. The Bank is responsible for providing the trustee with funds for the timely payment of the principal and interest on the Series A Bonds and for the purchase price of the Series A Bonds that have been tendered or deemed tendered for purchase and have not been remarketed. If the Bank is unable to meet its obligations, the Company would be required to buy any bonds which had been tendered.

## **USE OF PROCEEDS**

We will receive all of the net proceeds from the sale by us of the securities registered under the registration statement of which this prospectus is a part. Unless otherwise specified in a prospectus supplement accompanying this prospectus, we expect to use the net proceeds from the sale of our securities for general corporate purposes, which may include, among other things, reduction or refinancing of debt or other corporate obligations, potential acquisitions of complementary businesses, the financing of capital expenditures and other general corporate purposes, including working capital.

The actual application of proceeds from the sale of securities issued hereunder will be described in the applicable prospectus supplement relating thereto. The precise amount and timing of the application of such proceeds will depend upon our funding requirements and the availability and cost of other funds. We currently have no plans for specific use of the net proceeds. We will specify the principal purposes for which the net proceeds from the sale of our securities will be used in a prospectus supplement at the time of sale.

## DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Articles of Incorporation, which is an exhibit to our Current Report on Form 8-K filed with the SEC on May 4, 2010, and our Amended and Restated By-laws, which is an exhibit to our Current Report on Form 8-K filed with the SEC on January 26, 2012, each of which is incorporated by reference herein. We encourage you to read our articles, our by-laws and the applicable provisions of the Pennsylvania Business Corporation Law of 1988, as amended, for additional information.

### **Authorized Capital Stock**

Our authorized capital stock consists of 47,000,000 shares, of which 46,500,000 shares are common stock and 500,000 shares are preferred stock, each without par value.

### **Common Stock**

#### *Voting Rights*

Each share of common stock entitles the holder to one vote on each matter presented at a meeting of shareholders or to express consent or dissent to corporate action in writing without a meeting. Cumulative voting in an election of directors is not permitted under our articles of incorporation. Pursuant to our by-laws, our Board of Directors consists of at least eight and not more than twelve directors, with three separate classes of directors and with each such class elected every three years to a staggered three-year term of office. As a result of this classification, a greater number of votes are required to elect a director than if the entire Board of Directors were elected at the same time, thus making it more difficult for shareholders to obtain board representation in proportion to their shareholdings.

#### *Dividends*

All shares of common stock are entitled to participate pro rata in any dividends declared by our Board of Directors out of funds legally available therefor. Subject to the prior rights of creditors and of any shares of preferred stock which may be outstanding, all shares of common stock are entitled in the event of liquidation to participate ratably in the distribution of all our remaining assets.

Certain of our trust indentures and agreements relating to our outstanding indebtedness impose restrictions on the payment of dividends. In general, these restrictive provisions prohibit the payment of dividends on our common stock when cumulative dividend payments, over a specified period of time, exceed cumulative net income, over the same period, plus, in certain cases, a specified base amount. In view of our historic net income, management believes that these contractual provisions should not have any direct, adverse impact on the dividends we pay on our common stock. Notwithstanding these contractual provisions, our Board of Directors periodically considers a variety of factors in evaluating our common stock dividend rate. The continued maintenance of the current common stock dividend rate will be dependent upon (i) our success in financing future capital expenditures through debt and equity issuances, (ii) our success in obtaining future rate increases from the Pennsylvania Public Utility Commission (the "PPUC"), (iii) future interest rates, and (iv) other events or circumstances which could have an effect on operating results.

#### *Preferred Stock*

We also have 500,000 shares of preferred stock authorized, which our Board of Directors has discretion to issue in such series and with such preferences and rights as it may designate. Such preferences and rights may be superior to those of the holders of common stock. For example, the holders of preferred stock may be given a preference in payment upon our liquidation, or for the payment or accumulation of dividends before any distributions are made to the holders of common stock. No shares of the preferred stock have been issued.

### **Anti-Takeover Provisions**

#### *Pennsylvania State Law Provisions*

We are subject to various anti-takeover provisions of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL") Generally, these provisions are triggered if any person or group acquires, or discloses

intent to acquire, 20% or more of a corporation's voting power, unless the acquisition is under a registered firm commitment underwriting or, in certain cases, approved by the board of directors. These provisions:

- provide the other shareholders of the corporation with certain rights against the acquiring group or person;
- prohibit the corporation from engaging in a broad range of business combinations with the acquiring group or person; and
- restrict the voting and other rights of the acquiring group or person.

In addition, as permitted by Pennsylvania law, an amendment to our articles of incorporation or other corporate action that is approved by shareholders may provide mandatory special treatment for specified groups of nonconsenting shareholders of the same class. For example, an amendment to our articles of incorporation or other corporate action may provide that shares of common stock held by designated shareholders of record must be cashed out at a price determined by the corporation, subject to applicable dissenters' rights.

#### *Preferred Stock*

The issuance of shares of preferred stock, while potentially providing desirable flexibility in connection with raising capital for our needs and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock.

#### *Bylaw Provisions*

Certain provisions of by-laws may have the effect of discouraging unilateral tender offers or other attempts to take over and acquire our business. These provisions might discourage some potentially interested purchaser from attempting a unilateral takeover bid for us on terms, which some shareholders might favor.

Our by-laws require our Board of Directors to be divided into three classes that serve staggered three-year terms. When a board is staggered, hostile bidders must win more than one proxy fight at successive shareholder meetings in order to exercise control of the board of the target.

The by-laws also require that any shareholder intending to nominate a candidate for election as a director must give written notice of the nomination, containing certain specified information, to our secretary not later than 90 days nor earlier than 120 days in advance of the meeting at which the election is to be held.

#### *Pennsylvania Public Utility Commission Provisions*

The Pennsylvania Public Utility Commission, or PPUC, has jurisdiction over a change in control of us or the acquisition of us by a third party. The PPUC approval process can be lengthy and may deter a potentially interested purchaser from attempting to acquire a controlling interest in us.

#### *Miscellaneous*

There are no preemptive rights, sinking fund provisions, conversion rights or redemption provisions applicable to the common stock. Holders of fully paid shares of common stock are not subject to any liability for further calls or assessments.

#### **Transfer Agent and Registrar**

The Transfer Agent and Registrar for the common stock is Broadridge Corporate Issuer Solutions, Inc, PO Box 1342, Brentwood, NY 11717.

## DESCRIPTION OF DEBT SECURITIES

The following is a summary of the general terms and provisions of the debt securities we may offer under this prospectus and one or more prospectus supplements. When we offer to sell a particular series of debt securities, we will describe the specific terms of the series in a prospectus supplement. The following description of debt securities will apply to the debt securities offered by this prospectus unless we provide otherwise in the applicable prospectus supplement. The applicable prospectus supplement for a particular series of debt securities may specify different or additional terms.

### General

We may issue senior, senior subordinated, or subordinated debt securities, and in any case may be secured or unsecured. The debt securities will be our direct obligations. Senior securities will rank equally and ratably in right of payment with other indebtedness of ours that is not subordinated. Senior subordinated securities will be subordinated in right of payment to the prior payment in full of senior indebtedness, as defined in the applicable prospectus supplement, and may rank equally and ratably with any other senior subordinated indebtedness. Subordinated securities will be subordinated in right of payment to senior subordinated securities.

Debt securities may be issued in one or more series with the same or various maturities, at par, at a premium, or at a discount. We need not issue all debt securities of one series at the same time. Unless we provide otherwise, we may reopen a series, without the consent of the holders of such series, for issuances of additional securities of that series. We may issue debt securities with terms different from those of debt securities that we previously issued.

The form of indenture has been filed as an exhibit to the registration statement of which this prospectus is a part and is subject to any amendments or supplements that we may enter into with the trustee(s), however, we may issue debt securities not subject to the indenture provided such terms of debt securities are not otherwise required to be set forth in the indenture. Each indenture will be subject to and governed by the Trust Indenture Act of 1939, as amended, and we may supplement the indenture from time to time. The material terms of the indenture are summarized below and we refer you to the indenture for a detailed description of these material terms. Additional or different provisions that are applicable to a particular series of debt securities will, if material, be described in a prospectus supplement relating to the offering of debt securities of that series. These provisions may include, among other things and to the extent applicable, the following:

- the title of the debt securities, including, as applicable, whether the debt securities will be issued as senior debt securities, senior subordinated debt securities or subordinated debt securities, any subordination provisions particular to the series of debt securities;
- any limit on the aggregate principal amount of the debt securities;
- whether the debt securities are senior debt securities or subordinated debt securities and applicable subordination provisions, if any;
- whether the debt securities will be secured or unsecured;
- if other than 100% of the aggregate principal amount, the percentage of the aggregate principal amount at which we will sell the debt securities, such as an original issuance discount;
- the date or dates, whether fixed or extendable, on which the principal of the debt securities will be payable;
- the rate or rates, which may be fixed or variable, at which the debt securities will bear interest, if any, the date or dates from which any such interest will accrue, the interest payment dates on which we will pay any such interest, the basis upon which interest will be calculated if other than that of a 360-day year consisting of twelve 30-day months, and, in the case of registered securities, the record dates for the determination of holders to whom interest is payable;
- the terms, if any, by which holders of the debt securities may convert or exchange the debt securities for our common stock, preferred stock, or any other security or property;
- if convertible, the initial conversion price, the conversion period, and any other terms governing such conversion;

- the place or places where the principal of and any premium or interest on the debt securities will be payable and where the debt securities may be surrendered for conversion or exchange;
- whether we may, at our option, redeem the debt securities, and if so, the price or prices at which, the period or periods within which, and the terms and conditions upon which, we may redeem the debt securities, in whole or in part, pursuant to any sinking fund or otherwise;
- if other than 100% of the aggregate principal amount thereof, the portion of the principal amount of the debt securities which will be payable upon declaration of acceleration of the maturity date thereof or provable in bankruptcy, or, if applicable, which is convertible or exchangeable;
- any obligation we may have to redeem, purchase or repay the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder of debt securities, and the price or prices at which, the currency in which and the period or periods within which, and the terms and conditions upon which, the debt securities will be redeemed, purchased or repaid, in whole or in part, pursuant to any such obligation, and any provision for the remarketing of the debt securities;
- the issuance of debt securities as registered securities or unregistered securities or both, and the rights of the holders of the debt securities to exchange unregistered securities for registered securities, or vice versa, and the circumstances under which any such exchanges, if permitted, may be made;
- the denominations, which may be in United States Dollars or in any foreign currency, in which the debt securities will be issued, if other than denominations of \$1,000 and any integral multiple thereof;
- whether the debt securities will be issued in the form of certificated debt securities, and if so, the form of the debt securities (or forms thereof if unregistered and registered securities are issuable in that series), including the legends required by law or as we deem necessary or appropriate, the form of any coupons or temporary global security which may be issued and the forms of any other certificates which may be required under the indenture or which we may require in connection with the offering, sale, delivery or exchange of the debt securities;
- if other than United States Dollars, the currency or currencies in which payments of principal, interest and other amounts payable with respect to the debt securities will be denominated, payable, redeemable or repurchasable, as the case may be;
- whether the debt securities may be issuable in tranches;
- the obligations, if any, we may have to permit the conversion or exchange of the debt securities into common stock, preferred stock or other capital stock or property, or a combination thereof, and the terms and conditions upon which such conversion or exchange will be effected (including conversion price or exchange ratio), and any limitations on the ownership or transferability of the securities or property into which the debt securities may be converted or exchanged;
- if other than the trustee under the indenture, any trustees, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the debt securities;
- any deletions from, modifications of or additions to the events of default with respect to the debt securities or the right of the Trustee or the holders of the debt securities in connection with events of default;
- any deletions from, modifications of or additions to the covenants with respect to the debt securities;
- if the amount of payments of principal of, and make-whole amount, if any, and interest on the debt securities may be determined with reference to an index, the manner in which such amount will be determined;
- whether the debt securities will be issued in whole or in part in the global form of one or more debt securities and, if so, the depositary for such debt securities, the circumstances under which any such debt security may be exchanged for debt securities registered in the name of, and under which any transfer of debt securities may be registered in the name of, any person other than such depositary or its nominee, and any other provisions regarding such debt securities;

- whether, under what circumstances and the currency in which, we will pay additional amounts on the debt securities to any holder of the debt securities who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such debt securities rather than pay such additional amounts, and the terms of any such option;
- whether the debt securities will be secured by any collateral and, if so, a general description of the collateral and the terms of any related security, pledge or other agreements;
- the persons to whom any interest on the debt securities will be payable, if other than the registered holders thereof on the regular record date therefor; and
- any other material terms or conditions upon which the debt securities will be issued.

Unless otherwise indicated in the applicable prospectus supplement, we will issue debt securities in fully registered form without coupons and in denominations of \$1,000 and in integral multiples of \$1,000, and interest will be computed on the basis of a 360-day year of twelve 30-day months. If any interest payment date or the maturity date falls on a day that is not a business day, then the payment will be made on the next business day without additional interest and with the same effect as if it were made on the originally scheduled date. “Business day” means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York, and on which the trustee and commercial banks are open for business in New York, New York.

Unless we inform you otherwise in a prospectus supplement, each series of our senior debt securities will rank equally in right of payment with all of our other unsubordinated debt. The subordinated debt securities will rank junior in right of payment and be subordinate to all of our unsubordinated debt.

Unless otherwise indicated in the applicable prospectus supplement, the trustee will act as paying agent and registrar for the debt securities under the indenture. We may act as paying agent under the indenture.

The prospectus supplement will contain a description of United States federal income tax consequences relating to the debt securities, to the extent applicable.

#### **Covenants**

The applicable prospectus supplement will describe any covenants, such as restrictive covenants restricting us or our subsidiaries, if any, from incurring, issuing, assuming or guarantying any indebtedness or restricting us or our subsidiaries, if any, from paying dividends or acquiring any of our or its capital stock.

#### **Consolidation, Merger and Transfer of Assets**

The indenture permits a consolidation or merger between us and another entity and/or the sale, conveyance or lease by us of all or substantially all of our property and assets, provided that:

- the resulting or acquiring entity, if other than us, is organized and existing under the laws of a United States jurisdiction and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the debt securities and performance of the covenants in the indenture;
- immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists; and
- we have delivered to the trustee an officers’ certificate stating that the transaction and, if a supplemental indenture is required in connection with the transaction, the supplemental indenture comply with the indenture and that all conditions precedent to the transaction contained in the indenture have been satisfied.

If we consolidate or merge with or into any other entity, or sell or lease all or substantially all of our assets in compliance with the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture and the debt securities with the same effect as if it had been an original party to the indenture and the debt securities. As a result, such successor entity may exercise our rights and powers under the indenture and the debt securities, in our name and, except in the case of a lease, we will be released from all our liabilities and obligations under the indenture and under the debt securities.

Notwithstanding the foregoing, we may transfer all of our property and assets to another entity if, immediately after giving effect to the transfer, such entity is our wholly owned subsidiary. The term “wholly

owned subsidiary” means any subsidiary in which we and/or our other wholly owned subsidiaries, if any, own all of the outstanding capital stock.

### **Modification and Waiver**

Under the indenture, some of our rights and obligations and some of the rights of the holders of the debt securities may be modified or amended with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding debt securities affected by the modification or amendment. However, the following modifications and amendments will not be effective against any holder without its consent:

- a change in the stated maturity date of any payment of principal or interest;
- a reduction in the principal amount of or interest on any debt securities;
- an alteration or impairment of any right to convert at the rate or upon the terms provided in the indenture;
- a change in the currency in which any payment on the debt securities is payable;
- an impairment of a holder’s right to sue us for the enforcement of payments due on the debt securities; or
- a reduction in the percentage of outstanding debt securities required to consent to a modification or amendment of the indenture or required to consent to a waiver of compliance with certain provisions of the indenture or certain defaults under the indenture.

Under the indenture, the holders of not less than a majority in aggregate principal amount of the outstanding debt securities may, on behalf of all holders of the debt securities:

- waive compliance by us with certain restrictive provisions of the indenture; and
- waive any past default under the indenture in accordance with the applicable provisions of the indenture, except a default in the payment of the principal of or interest on any series of debt securities.

### **Events of Default**

Unless we indicate otherwise in the applicable prospectus supplement, “event of default” under the indenture will mean, with respect to any series of debt securities, any of the following:

- failure to pay interest on any debt security for 30 days after the payment is due;
- failure to pay the principal of any debt security when due, either at maturity, upon redemption, by declaration or otherwise;
- failure on our part to observe or perform any other covenant or agreement in the indenture that applies to the debt securities for 90 days after we have received written notice of the failure to perform in the manner specified in the indenture; and
- certain events of bankruptcy, insolvency or reorganization.

### **Remedies Upon an Event of Default**

If an event of default occurs and continues, the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of such series may declare the entire principal of all the debt securities to be due and payable immediately, except that, if the event of default is caused by certain events in bankruptcy, insolvency or reorganization, the entire principal of all of the debt securities of such series will become due and payable immediately without any act on the part of the trustee or holders of the debt securities. If such a declaration occurs, the holders of a majority of the aggregate principal amount of the outstanding debt securities of such series can, subject to conditions, rescind the declaration.

The indenture requires us to furnish to the trustee not less often than annually, a certificate from our principal executive officer, principal financial officer or principal accounting officer, as the case may be, as to such officer’s knowledge of our compliance with all conditions and covenants under the indenture. The trustee may withhold notice to the holders of debt securities of any default, except defaults in the payment of principal

of or interest on any debt securities if the trustee in good faith determines that the withholding of notice is in the best interests of the holders. For purposes of this paragraph, “default” means any event which is, or after notice or lapse of time or both would become, an event of default under the indenture.

The trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders of debt securities, unless the holders offer the trustee satisfactory security or indemnity. If satisfactory security or indemnity is provided, then, subject to other rights of the trustee, the holders of a majority in aggregate principal amount of the outstanding debt securities may direct the time, method and place of:

- conducting any proceeding for any remedy available to the trustee; or
- exercising any trust or power conferred upon the trustee.

The holder of a debt security will have the right to begin any proceeding with respect to the indenture or for any remedy only if:

- the holder has previously given the trustee written notice of a continuing event of default;
- the holders of not less than a majority in aggregate principal amount of the outstanding debt securities have made a written request of, and offered reasonable indemnity to, the trustee to begin such proceeding;
- the trustee has not started such proceeding within 60 days after receiving the request; and
- no direction inconsistent with such written request has been given to the trustee under the indenture.

However, the holder of any debt security will have an absolute right to receive payment of principal of and interest on the debt security when due and to institute suit to enforce this payment.

#### **Satisfaction and Discharge; Defeasance**

*Satisfaction and Discharge of Indenture.* Unless otherwise indicated in the applicable prospectus supplement, if at any time,

- we have paid the principal of and interest on all the debt securities of any series, except for debt securities which have been destroyed, lost or stolen and which have been replaced or paid in accordance with the indenture, as and when the same shall have become due and payable, or
- we have delivered to the trustee for cancellation all debt securities of any series theretofore authenticated, except for debt securities of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in the indenture, or
- all the debt securities of such series not theretofore delivered to the trustee for cancellation have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year, and we have deposited with the trustee, in trust, sufficient money or government obligations, or a combination thereof, to pay the principal, any interest and any other sums due on the debt securities, on the dates the payments are due or become due under the indenture and the terms of the debt securities,

then the indenture shall cease to be of further effect with respect to the debt securities of such series, except for:

- rights of registration of transfer and exchange, and our right of optional redemption;
- substitution of mutilated, defaced, destroyed, lost or stolen debt securities;
- rights of holders to receive payments of principal thereof and interest thereon upon the original stated due dates therefor (but not upon acceleration) and remaining rights of the holders to receive mandatory sinking fund payments, if any;
- the rights, obligations and immunities of the trustee under the indenture; and
- the rights of the holders of such series of debt securities as beneficiaries thereof with respect to the property so deposited with the trustee payable to all or any of them.

*Defeasance and Covenant Defeasance.* Unless otherwise indicated in the applicable prospectus supplement, we may elect with respect to any debt securities of any series either:

- to defease and be discharged from all of our obligations with respect to such debt securities (“defeasance”), with certain exceptions described below; or
- to be released from our obligations with respect to such debt securities under such covenants as may be specified in the applicable prospectus supplement, and any omission to comply with those obligations will not constitute a default or an event of default with respect to such debt securities (“covenant defeasance”).

We must comply with the following conditions before the defeasance or covenant defeasance can be effected:

- we must irrevocably deposit with the indenture trustee or other qualifying trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the trustee, trust funds in trust solely for the benefit of the holders of such debt securities, sufficient money or government obligations, or a combination thereof, to pay the principal, any interest and any other sums on the due dates for those payments; and
- we must deliver to the trustee an opinion of counsel to the effect that the holders of such debt securities will not recognize income, gain or loss for federal income tax purposes as a result of defeasance or covenant defeasance, as the case may be, to be effected with respect to such debt securities and will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such defeasance or covenant defeasance, as the case may be, had not occurred.

In connection with defeasance, any irrevocable trust agreement contemplated by the indenture must include, among other things, provision for:

- payment of the principal of and interest on such debt securities, if any, appertaining thereto when due (by redemption, sinking fund payments or otherwise),
- the payment of the expenses of the trustee incurred or to be incurred in connection with carrying out such trust provisions,
- rights of registration, transfer, substitution and exchange of such debt securities in accordance with the terms stated in the indenture, and
- continuation of the rights, obligations and immunities of the trustee as against the holders of such debt securities as stated in the indenture.

The accompanying prospectus supplement may further describe any provisions permitting or restricting defeasance or covenant defeasance with respect to the debt securities of a particular series.

### **Global Securities**

Unless otherwise indicated in the applicable prospectus supplement, each debt security offered by this prospectus will be issued in the form of one or more global debt securities representing all or part of that series of debt securities. This means that we will not issue certificates for that series of debt securities to the holders. Instead, a global debt security representing that series will be deposited with, or on behalf of, a securities depositary and registered in the name of the depositary or a nominee of the depositary. Any such depositary must be a clearing agency registered under the Securities Exchange Act of 1934. We will describe the specific terms of the depositary arrangement with respect to a series of debt securities to be represented by a global security in the applicable prospectus supplement.

### **Notices**

We will give notices to holders of the debt securities by mail at the addresses listed in the security register. In the case of notice in respect of unregistered securities or coupon securities, we may give notice by publication in a newspaper of general circulation in New York, New York.

**Governing Law**

The particular terms of a series of debt securities will be described in a prospectus supplement relating to such series of debt securities. Any indentures will be subject to and governed by the Trust Indenture Act of 1939, as amended, and may be supplemented or amended from time to time following their execution. Unless otherwise stated in the applicable prospectus supplement, we will not be limited in the amount of debt securities that we may issue, and neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets. Thus, by owning debt securities, you are one of our unsecured creditors.

**Regarding the Trustee**

From time to time, we may maintain deposit accounts and conduct other banking transactions with the trustee to be appointed under the indenture or its affiliates in the ordinary course of business.

## PLAN OF DISTRIBUTION

We may sell our securities from time to time to or through underwriters, dealers or agents or directly to purchasers, in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. We may also issue these securities as compensation to such agents, underwriters or dealers for making sales of our securities. We may use these methods in any combination.

### By Underwriters

We may use an underwriter or underwriters in the offer or sale of our securities.

- If we use an underwriter or underwriters, we will execute an underwriting agreement and the offered securities will be acquired by the underwriters for their own account.
- We will include the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including the compensation the underwriters and dealers will receive, in the prospectus supplement. The underwriter may sell the securities to or through dealers, and the underwriter may compensate those dealers in the form of discounts, concessions or commissions.
- The underwriters will use this prospectus and the prospectus supplement to sell our securities.

### By Dealers

We may use a dealer to sell our securities.

- If we use a dealer, we, as principal, will sell our securities to the dealer.
- The dealer will then resell our securities to the public at varying prices that the dealer will determine at the time it sells our securities.
- We will include the name of the dealer and the terms of our transactions with the dealer in the prospectus supplement.

### By Agents

We may designate agents to solicit offers to purchase our securities.

- We will name any agent involved in offering or selling our securities and any commissions that we will pay to the agent in the prospectus supplement.
- Unless indicated otherwise in the prospectus supplement, our agents will act on a best efforts basis for the period of their appointment.
- An agent may be deemed to be underwriters under the Securities Act of 1933 (the “Securities Act”) of any of our securities that they offer or sell.

### By Delayed Delivery Contracts

We may authorize our agents and underwriters to solicit offers by certain institutions to purchase our securities at the public offering price under delayed delivery contracts.

- If we use delayed delivery contracts, we will disclose that we are using them in the prospectus supplement and will tell you when payment will be demanded and securities delivered under the delayed delivery contracts.
- These delayed delivery contracts will be subject only to the conditions set forth in the prospectus supplement.
- We will indicate in the prospectus supplement the commission that underwriters and agents soliciting purchases of our securities under delayed delivery contracts will be entitled to receive.

## **Direct Sales**

We may directly solicit offers to purchase our securities, and we may directly sell our securities to institutional or other investors, including our affiliates. We will describe the terms of our direct sales in the prospectus supplement. We may also sell our securities upon the exercise of rights which we may issue.

## **Shareholder Subscription Offerings**

Direct sales to our shareholders may be accomplished through shareholder subscription rights distributed to shareholders. In connection with the distribution of shareholder subscription rights to shareholders, if all of the underlying securities are not subscribed for, we may sell any unsubscribed securities to third parties directly or through underwriters or agents. In addition, whether or not all of the underlying securities are subscribed for, we may concurrently offer additional securities to third parties directly or through underwriters or agents. The shareholder subscription rights will be distributed as a dividend to the shareholders for which they will pay no separate consideration and will not be transferable. The prospectus supplement with respect to the offer of securities under shareholder subscription rights will set forth the relevant terms of the shareholder subscription rights, including:

- the number of shares of our common stock that will be offered under the shareholder subscription rights;
- the period during which and the price at which the shareholder subscription rights will be exercisable;
- any provisions for changes to or adjustments in the exercise price of the shareholder subscription rights; and
- any other material terms of the shareholder subscription rights.

## **General Information**

Underwriters, dealers and agents that participate in the distribution of our securities may be underwriters as defined in the Securities Act, and any discounts or commissions they receive and any profit they make on the resale of the offered securities may be treated as underwriting discounts and commissions under the Securities Act. Any underwriters or agents will be identified and their compensation described in a prospectus supplement. We may indemnify agents, underwriters, and dealers against certain civil liabilities, including liabilities under the Securities Act, or make contributions to payments they may be required to make relating to those liabilities. Our agents, underwriters, and dealers, or their affiliates, may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

Representatives of the underwriters or agents through whom our securities are or may be sold for public offering and sale may engage in over-allotment, stabilizing transactions, syndicate short covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the offered securities so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the offered securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the representative of the underwriters or agents to reclaim a selling concession from a syndicate member when the offered securities originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the offered securities to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on a national securities exchange and, if commenced, may be discontinued at any time. Underwriters, dealers and agents may be customers of, engage in transactions with or perform services for, us and our subsidiaries in the ordinary course of business.

In compliance with guidelines of the Financial Institution Regulatory Authority, or FINRA, the maximum consideration or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

## LEGAL MATTERS

Certain legal matters with respect to the validity of the securities being offered hereby will be passed on for us by Reed Smith LLP, Pittsburgh, Pennsylvania. Any underwriters will be advised about other issues relating to any offering by their own legal counsel.

## EXPERTS

The financial statements and financial statement schedule incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, were audited by Baker Tilly US, LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of the registration statement on Form S-3 we filed with the SEC under the Securities Act and does not contain all the information set forth in the registration statement. Whenever a reference is made in this prospectus to any of our contracts, agreements or other documents, the reference may not be complete and you should refer to the exhibits that are a part of the registration statement or the exhibits to the reports or other documents incorporated by reference into this prospectus for a copy of such contract, agreement or other document. We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public at the SEC's website at <http://www.sec.gov>, and through a link on our website at <http://www.yorkwater.com>.

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. The information incorporated by reference is considered to be part of this prospectus. Information contained in this prospectus and information that we file with the SEC in the future and incorporate by reference in this prospectus automatically updates and supersedes previously filed information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the sale of all the shares covered by this prospectus.

- Our Annual Report on Form 10-K for the year ended December 31, 2020;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021, as filed with the SEC on May 4, 2021 and August 5, 2021, respectively;
- The description of our common stock contained in our registration statement on Form 8-A filed with the SEC, including any amendments or reports filed for the purpose of updating such description; and
- All filings we make with the SEC pursuant to the Securities Exchange Act of 1934 after the date of the initial registration statement, of which this prospectus is a part, and prior to the effectiveness of the registration statement.

You may request a copy of these documents, which will be provided to you at no cost, by writing or telephoning us using the following contact information:

The York Water Company  
130 East Market Street  
York, Pennsylvania 17401  
Attn: Matthew E. Poff, Chief Financial Officer  
Telephone: (717) 845-3601

**You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. We are offering to sell, and seeking offers to buy, securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of securities.**

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN CAPITAL REQUIREMENTS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

3. Supply projected capital requirements and sources of company, parent and system (consolidated) for the test year and each of three comparable future years.

Response: Refer to the attached Projected Five Year Capital Requirements and Projected Statement of Cash Flows For Five Years Ended December 31, 2029.

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

	Description	2025	2026	2027	2028	2029
1	<b>Land</b>					
2		0				
3						
4	<b>Structures and Improvements</b>					
5	Filter Plant - Flocculator Ladder Replacement - Final Phase	15,000				
6	Filter Plant - Column Repair in Pipe Gallery	50,000				
7	Filter Plant - Replace 3000 AMP Main Electric Feed Breaker	45,000				
8	Filter Plant - Filter Gallery Pillars Structural Study	15,000				
9	Filter Plant - Solids Building Ring Rebuild on Presses 1,2,3		60,000	60,000	60,000	60,000
10	Filter Plant - Solids Building Moyno Pump Rebuild		18,000	18,000	18,000	20,000
11	Tanks/Pumphouses - Booster Station Roof Replacements	60,000	60,000	65,000	65,000	65,000
12	Tanks/Pumphouses - Various Door Replacements (3)	12,000				
13	Tanks/Pumphouses - Booster Station Brick & Mortar Repairs	6,000				
14	Tanks/Pumphouses - Design and Perm. for Green Valley Booster Station	10,000				
15	Tanks/Pumphouses - Southern Repump - Replace Motor & Pump 3		40,000			
16	Tank Site Fencing		30,000	30,000	30,000	30,000
17	Distribution Complex - Replace Furnace - Meter Shop	30,000				
18	Distribution Complex - Refurbish Fill Station	4,000				
19	Distribution Complex - Upper Shop Break Room Renovations	15,000				
20	Distribution Complex - Engineering HVAC Installation	31,000				
21	Distribution Complex - Light Replacements to LED	50,000				
22	124 East Market - Phase 2 HVAC Replacement	50,000				
23	124 East Market - Basement Dehumidifiers	4,000				
24	124 East Market - Remodel		50,000	50,000		
25	130 East Market - AC HVAC Replacement	100,000				
26	130 East Market - Courtyard Upgrades	4,000				
27	130 East Market - Parking Lot Sealing & Painting	6,000				
28	130 East Market - Customer Service Window Replacement	120,000				
29	Lightning Protection Study	50,000				
30	Cameras for New Sites		10,000	10,000	10,000	10,000
31	Electronic Building Entry Security System		40,000	40,000	40,000	
32	Distribution Facility - Parking / Drainage - Engineering	60,000				
33	124 East Market Structural Investigation	20,000				
34	124 East Market Structural Repairs		80,000			
35	Sed Basin Concrete Repairs		100,000			
36	Underground Reservoir #1 Cleaning and Repairs			175,000		
37	Building 554 Entry Door Replacements			5,000	5,000	
38						
39	<b>Collecting and Impounding Reservoirs</b>					
40	Lake Williams Dam - Water Street Final Paving Restoration	390,000				
41	Roxbury Dam Improvements - Engineering	800,000				
42	Codorus Watershed Signage	15,000	20,000			
43	Codorus WAP Renewal Consulting		60,000	40,000		
44	Lake Redman Spillway Repairs		40,000			
45	Lake Redman Spillway Stilling Basin Repairs		150,000			
46	Lake Redman Spillway Bridge Deck Repairs		80,000			
47						
48	<b>Lake, River and Other Intakes</b>					
49	Lakes/Source - Lagoons Bridge Rehab	40,000				
50						
51	<b>Raw Water Mains</b>					
52		0				
53						
54	<b>Raw Water Pumping Equipment</b>					
55	Brillhart - Roto Lock Replacement	12,000				
56	Brillhart - Rebuild Pump 5 - Carryover from 2024	25,000				
57	Brillhart - Effluent Insertion Meters for Pumps 5 & 6	40,000				
58	Amblebrook Well 2 and Raw Water Main	100,000				
59	Amblebrook Well Siting Investigation	200,000				
60	Amblebrook New Wells - Engineering	400,000	50,000			
61	Amblebrook New Wells - Construction			300,000	400,000	
62	SRPS Pump Base Replacement	25,000				
63	Carroll Valley New Well Study	250,000				
64	Carroll Valley New Well - Engineering		150,000	50,000		
65	Carroll Valley New Well - Construction			500,000		
66	Redman PS Air Release	40,000				

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

Description		2025	2026	2027	2028	2029
67						
68	<b>Booster Pumping Equipment</b>					
69	Tanks/Pumphouses - Southern Repump East Pump/Motor 2 Replace	50,000				
70	Tanks/Pumphouses - Misc. Pump & Motor Replacements	50,000	25,000	25,000	25,000	25,000
71	Eagle View Booster Station - Engineering	80,000				
72	Eagle View Booster Station - Construction		420,000			
73	CIP BS Refurbishment - Engineering	60,000				
74	CIP BS Refurbishment - Construction		400,000			
75	Airport Booster Station Expansion			200,000	300,000	
76	Irishtown Booster Station Expansion		220,000			
77	West Manheim Booster Station Expansion			220,000		
78	North Point Booster Station - VFD Installation		10,000			
79	High Service Pump/Motor Replacements		65,000			
80						
81	<b>Power Generation Equipment</b>					
82	Tanks/Pumphouses - Backup Generator Greenwood Road	60,000				
83						
84	<b>Water Treatment Equipment</b>					
85	Filter Plant - Solids Conveyor Motor & Gear Box Replacement	10,000				
86	Filter Plant - Solids Conveyor Liner Replacement		15,000			
87	Filter Plant - Rebuild Moyno Pump at Solids Building	17,000				
88	Filter Plant - Rebuild Presses 1, 2, & 3	60,000				
89	Grantley Road WTP Master Plan	100,000				
90	Houston Run 4-Log Disinfection Piping	100,000				
91	Grantley Road WTP Finished Water Basin Renovation - Eng		200,000	600,000	200,000	
92	Grantley Road WTP Finished Water Basin Renovation - Constr			1,300,000	1,300,000	
93	Grantley Road WTP Improvements			2,000,000	2,000,000	2,000,000
94	Amblebrook WTP Capacity Expansion - Engineering	40,000		200,000	200,000	
95	Amblebrook WTP Capacity Expansion - Construction			100,000	900,000	
96	WIMS RIO - Adds Field Data Collection for Water and Wastewater. Also Alters WIMS Billing Structure	30,000				
97	New Anthracite for Filters (Grantley Rd)	35,000				
98	Replace Polymer Feed System (Solids)	110,000				
99	Softener for Caustic Chase Water - Address Scaling Issues	35,000				
100	Sanitary Cap for Carroll Valley Well 1, Inside Building	18,000				
101	Correct / Modify Tank Overflows with 24-Mesh Screens, Flapper, & 24" Air Gaps	40,000				
102	New Caustic & Zinc Tanks with Piping, Secondary Containment	225,000				
103	High Service Pump/Motor Replacements	65,000				
104	Potassium Feed Upgrades	35,000				
105	Influent Flow Meter	80,000				
106	Backwash Pump Rebuild/Replacements		50,000	50,000		
107	Sample Station Installation (10)		35,000	35,000		
108	Raw Water Turbidimeter			12,000		
109	Streaming Current Monitor Installation			15,000		
110	Replace Jar Stirrer			8,000		
111						

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

	Description	2025	2026	2027	2028	2029
112	<b>Distribution Reservoirs and Standpipes</b>					
113	Tanks/Pumphouses - Pleasureville Tank Painting - 2024 Carryover	480,000				
114	Tanks/Pumphouses - Install Fencing at Tank Sites	50,000				
115	Amblebrook Distribution System Cathodic Protection	50,000				
116	Basin #2 Roof Replacement	135,000				
117	Tank Mixers (4)	60,000				
118	Yorkana Standpipe Demolition	200,000				
119	Greenwood Standpipe Replacement - Engineering	40,000	40,000			
120	Greenwood Standpipe Replacement - Construction		3,000,000			
121	Penn Oaks Standpipe Replacement - Engineering			80,000	80,000	
122	Penn Oaks Standpipe Replacement - Construction				1,000,000	2,000,000
123	CIP Elevated Tank - Engineering				100,000	
124	CIP Elevated Tank - Construction					2,500,000
125	Rocket Road Tank Communication Equipment		25,000			
126						
127	<b>Transmission and Distribution Mains</b>					
128	Developer Financed Mains	600,000	640,000	660,000	680,000	700,000
129	Misc. Bonafide Customer Mains	300,000	320,000	340,000	360,000	380,000
130	Replacement/Relining Mains	12,659,000	13,819,000	14,978,000	15,427,000	15,890,000
131	Valve Replacements	1,584,000	1,631,000	1,680,000	1,730,000	1,782,000
132	Pine Run Main Extension - Paving Restoration	800,000				
133	Fox Run Heights Phase 2 Water Main Extension	125,000				
134	Amblebrook Section D Water Main Extension	500,000				
135	Eagle View Main Extension		900,000			
136	Amblebrook Section B Water Main Extension		500,000	300,000		
137	Amblebrook Section E Water Main Extension				1,400,000	
138						
139	<b>Service Lines</b>					
140	New Service Lines	2,900,000	2,987,000	3,077,000	3,169,000	3,264,000
141	Replacement Service Lines	1,172,000	1,207,000	1,243,000	1,280,000	1,318,000
142	Replacement Curb Stops	925,000				
143						
144	<b>Meters</b>					
145	New Meters - Neptune Option	1,361,000	1,402,000	1,444,000	1,487,000	1,532,000
146	Replacement Meters	839,000	986,000	1,016,000	1,046,000	1,077,000
147						
148	<b>Backflow Prventors</b>					
149	Routine and Conventional Expenditures	40,000	40,000	40,000	40,000	40,000
150						
151	<b>Fire Hydrants</b>					
152	New Hydrants	1,179,000	1,214,000	1,250,000	1,288,000	1,327,000
153	Hydrant Replacements	421,000	434,000	447,000	460,000	474,000
154	Fire Hydrant Retirements - LIDA	185,000				
155	Filter Plant - One Hydrant and Service Replacement	6,000	6,000			
156						
157	<b>Transportation Equipment</b>					
158	Fleet Vehicle Purchase	770,000	800,000	800,000	825,000	825,000
159	Appalachian 16 Foot Trailer	7,000				
160	Lift Gates for #107 and #122	12,000				
161	Equipment - Lift Gate Replacement (Safety)	5,500				
162	Equipment - Replace Haul Trailer	19,000				
163	Purchase Vac Truck for Distribution		600,000			
164	Equipment - Purchase JLG Trailer	8,000				
165						

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

	Description	2025	2026	2027	2028	2029
166	<b>Tools, Shop and Garage Equipment</b>					
167	Safety - Air Monitor Upgrades & Base Station Installs	55,000				
168	Tools - Power Tool Upgrades	3,000	4,500	4,500	4,500	4,500
169	Shell Cutter - Rehab/Replacement	9,500	9,500	10,000	10,000	10,000
170	Aqua Scope 2 Listening Equipment (6)	17,000				
171	Aquascan Leak Correlators	24,000				
172	Leak Detection Equipment		15,000	15,000	15,000	15,000
173	Zonescan Leak Detectors w/Brackets (60)	116,000	58,000	58,000	58,000	58,000
174	Rex Pipe Line Locators (5)	20,000	10,000			
175	Spot Magnetic Locator (10)	12,000				
176	Grundomat Boring Tool	7,500				
177	Wach Vavle Turner	43,000				
178	Stihl Rockboss Ductile Chainsaw	13,000	15,000			
179	Equipment - Paint Big Blue Pressure Tank		60,000			
180						
181	<b>Laboratory Equipment</b>					
182	Replacement Zetasizer	55,000				
183						
184	<b>Communication Equipment</b>					
185	SCADA Programming - Ongoing	25,000	25,000	25,000	25,000	25,000
186	SCADA for New Facilities	100,000	100,000	100,000	100,000	100,000
187	SCADA Server Hardware Replacement	40,000				
188	SCADA Hardware Upgrades		40,000	40,000	40,000	40,000
189	Security Access Upgrades	100,000	15,000	15,000	15,000	15,000
190	SCADA Improvements - LIDA	15,000	30,000	30,000		
191	Fixed Collector Meter Project	1,000,000				
192						
193	<b>Office Furniture and Computer Equipment</b>					
194	GIS Consulting	36,000	38,000	40,000	42,000	44,000
195	GIS Upgrades			20,000		
196	GPS Units		11,000			13,000
197	Project Labor External (Oracle Consulting)	400,000	400,000	250,000	250,000	250,000
198	ERP Replacement	3,839,000	3,839,000			
199	Business Continuity / Cyber Upgrades			200,000	200,000	200,000
200	Conference Room Furniture - Main Office/Distribution	6,000				
201						
202	<b>Miscellaneous Equipment</b>					
203		0				
204						
205	<b>Non-operating Property</b>					
206	Employee Center Upgrades	15,000				
207	Lakes/Source - Demolition Mosser House at Hellam Quarry			75,000		
208						

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

	Description	2025	2026	2027	2028	2029
209	<b>Wastewater</b>					
210	Developer Financed Sewer Main Extensions	280,000	300,000	320,000	340,000	360,000
211	Sewer Main Rehabilitation	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
212	Felton / CMV Wastewater Facilities - Engineering	500,000	500,000	200,000		
213	Felton / CMV Wastewater Facilities - Construction		3,500,000	4,000,000		
214	Amblebrook Section D Sewer Main Extension	1,000,000				
215	Amblebrook Section D Pumping Station	600,000				
216	LW - Margaretta MHP Sewer Extension - Engineering	300,000	100,000			
217	LW - Margaretta MHP Sewer Extension - Construction	200,000	1,600,000			
218	WMT - Joshua Hill Packaged WWTP - Engineering	800,000	100,000	100,000		
219	WMT - Joshua Hill Packaged WWTP - Construction			1,500,000	1,500,000	
220	WMT - Joshua Hill - Sewers - Engineering	80,000	100,000	80,000	40,000	
221	WMT - Joshua Hill - Sewers - Construction			1,500,000	1,500,000	
222	WMT - Joshua Hill - Werner Tract Pumping Station - Engineering	100,000	70,000	30,000	30,000	
223	WMT - Joshua Hill - Werner Tract Pumping Station - Construction			800,000	300,000	
224	WMT - Joshua Hill - DGM Force Main - Engineering	60,000				
225	LIDA - PS #49 Replacement - Engineering	40,000				
226	SYC WWTP Effluent Flow Meter - Engineering	20,000				
227	SYC WWTP Effluent Flow Meter - Construction		130,000			
228	Jacobus York Rd PS Renovation - Engineering	60,000				
229	Jacobus York Rd PS Renovation - Construction		320,000			
230	Margaretta - Replace 3 Pumping Stations - Engineering				40,000	
231	Margaretta - Replace 3 Pumping Stations - Construction					300,000
232	Amblebrook Section B Sewer Main Extension		500,000	800,000		
233	Amblebrook Section B Pumping Station		100,000	400,000		
234	Amblebrook Section E Sewer Main Extension				1,900,000	
235	I & I Reduction, Investigation, Metering, Locating	40,000	60,000	60,000	80,000	100,000
236	Replace Existing Main, Manholes, & Other Appurtenances	700,000	1,000,000	1,000,000	1,000,000	1,000,000
237	Lab Equipment	15,000	15,000			
238	Rebuild Pumps	30,000	30,000	30,000	30,000	40,000
239	Generators- Mesco WWTP, Summer Drive, YHWWTP, & 4 L.S.	100,000	40,000	40,000	40,000	40,000
240	DGM - Replace Generator				175,000	
241	Generator - Electrical Modification	35,000				
242	Bypass Valves- East Branch	45,000	45,000			
243	Bypass Valves			60,000	60,000	
244	MESCO EQ Tank Upgrades	300,000				
245	Purchase Samplers	50,000	50,000	50,000	30,000	
246	CIP Replace SBR Mixer Motor	35,000				
247	CIP Replace Shed		10,000			
248	Asbury - Replace 6 Weirs in Clarifiers	22,000				
249	Asbury - Add Outdoor Lighting	2,500				
250	Asbury - Replace Leyland Cypress		12,000			
251	Asbury - Enclose Blowers		15,000			
252	Amblebrook - Sample Equipment, Dessicator, Oven, Vac Pump	9,000				
253	Amblebrook - Spare Parts, Fuses, Blowers, Fittings, etc.	20,000				
254	Amblebrook - Purchase and Install (1) Electric Hoist @ IPS	15,000				
255	Amblebrook - Spare motor and blower			15,000		
256	Amblebrook - Replace filter media					100,000
257	Country View - Add Outdoor Lighting	2,500				
258	Country View - Stormwater Landscaping around WWTP	5,000				
259	Country View - Generator Jason Drive			50,000		
260	Country View - Purchase Shed		12,000			
261	CIP - Purchase spare pump			12,000		
262	CIP - Purchase DO probe replacement			5,000		
263	CIP - Purchase level transmitter replacement			5,000		
264	CVM - Upgrade Lift Station Tie-ins	35,000				
265	EPWWTP - Purchase spare EQ and RAS/WAS pumps	8,000				
266	MESCO - Replace Grating	12,000				
267	MESCO - WWTP Bldg. Upgrades / Repair Fence	60,000				
268	MESCO - New Blowers, Motors, Manifold Piping Upgrade	90,000				
269	MESCO - Mezzanine over Chlorinator w/Lights	35,000				
270	SYC - Replace Filter PLC & Controls	60,000				
271	SYC - Purchase and Install Effluent Flow Meter	10,000				
272	SYC - Purchase Spare Gearbox for Filter	2,000				
273	SYC - Replace tertiary filter cloth and membrane					6,000
274	SYC - Purchase and repalce wetland pump station pumps					12,000
275	Jacobus - Install Bypass East Branch Lift Station	50,000				

**THE YORK WATER COMPANY**  
**Capital Budget**  
**2025-2029**

	Description	2025	2026	2027	2028	2029
276	Jacobus - Replace Air Relief Valve	10,000				
277	West Manheim - Replace Air Relief Valves @ DGM, South Point	20,000				
278	West Manheim - Install Transducers w/Float Backup, S.P. & DGM	10,000				
279	New Devices w/Connectivity for HACH WIMS Data Submission	12,000				
280	Install Permanent Anchor Points @ All Confined Space Locations	10,000				
281	Trash Pumps w/Hose	6,000				
282	York Haven Upgrades	75,000	75,000			
283	York Haven - Remove Chlorine Gas System, Install Tablet Feeder	18,000				
284	York Haven - Permit and relocate outfall			250,000		
285	York Haven - Spare motor and blower			15,000		
286	York Haven - Permit and replace chlorine contact tank				150,000	
287	Smoke Tester	8,000				
288	Vega Radar System	8,000				
289	York Haven - Replace Comminutor and add second		90,000			
290	SYC - Purchase New Blower and Motor		15,000			
291	SYC - Potable Water Connection		20,000			
292	SYC - Gate Opener		20,000			
293	SYC - Replace Shed		18,000			
294	Suitcase Generators		4,000			
295	Trash Pumps w/ Hose		6,000			
296	PS #641 Upgrades, Generator, Fencing, Electrical Upgrades	110,000				
297	Airline Replacements at Letterkenny STP	40,000				
298	3" Trash Pump	2,500				
299	Composite Samplers Letterkenny STP	25,000				
300	SCADA System Upgrades	140,000				
301	Replace Kaeser Compressor		20,000			
302	Stone Pile Storage Area Inside Fence With Barriers		10,000			
303	Blower Replacements				35,000	35,000
304	UV System Upgrades		25,000			
305	Manhole Rehab		20,000	20,000	20,000	20,000
306	3813 WWTP Design/Engineering				30,000	
307						
308	<b>Acquisitions</b>					
309	Margaretta Mobile Home Park Wastewater	15,000				
310	CMV Sewage Co Wastewater	375,000				
311						
312						
	<b>Total</b>	<b>46,390,000</b>	<b>48,531,000</b>	<b>47,587,500</b>	<b>45,884,500</b>	<b>40,006,500</b>

THE YORK WATER COMPANY  
PROJECTED STATEMENT OF CASH FLOWS  
FOR FIVE YEARS ENDING DECEMBER 31, 2029

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>FUNDS PROVIDED FROM:</b>					
Net income	\$17,749,531	\$ 22,432,354	\$22,795,351	\$23,775,387	\$28,595,091
Expenses not requiring cash outlay					
Depreciation	14,091,580	14,976,097	15,857,193	16,774,576	17,652,117
Deferred Income Tax	148,331	179,459	182,363	190,203	228,761
Long-Term Debt Paydown	-	(330,000)	(340,000)	(355,000)	(12,370,000)
Short-Term Borrowings (Repayments), Net	24,107,400	(23,243,037)	20,927,094	(27,065,082)	18,964,618
Cash Used (Received)	-	-	-	-	-
Dividend Reinvestment, Direct Stock Purchase Plan and Employee Stock Purchase Plan	1,668,359	1,741,551	1,868,774	1,925,393	1,984,595
Stock Offering	-	45,000,000	-	-	-
Long Term Debt Issuance	-	-	-	45,000,000	-
Construction Expenditures	(46,390,000)	(48,531,000)	(47,587,500)	(45,884,500)	(40,006,500)
Customers' Advances for Construction (net of refunds)	1,383,025	1,383,025	1,383,025	1,383,025	1,383,025
Dividends	(12,758,226)	(13,608,449)	(15,086,300)	(15,744,002)	(16,431,706)
Change in Working Capital	<u>(\$0)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>INTERNALLY GENERATED FUNDS</b>	19,231,216	23,979,460	23,748,607	24,996,164	30,044,262
<b>RATIO OF INTERNALLY GENERATED FUNDS TO CONSTRUCTION EXPENDITURES NET OF ADVANCES</b>	42.7%	50.9%	51.4%	56.2%	77.8%
Dividend Payout Ratio	71.9%	60.7%	66.2%	66.2%	57.5%

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN DEBT SCHEDULE

53.53 VII      Rate of Return

D.              Water and Wastewater Utilities

4.              Provide a schedule of debt and preferred stock of company, parent and system (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):
- a. Date of issue
  - b. Date of maturity
  - c. Amount issued
  - d. Amount outstanding
  - e. Amount retired
  - f. Amount required
  - g. Gain on reacquisition
  - h. Coupon rate
  - i. Discount or premium at issuance
  - j. Issuance expenses
  - k. Net proceeds
  - l. Sinking fund requirements
  - m. Effective interest rate
  - n. Dividend rate
  - o. Effective cost rate
  - p. Total average weighted effective cost rate.

RESPONSE:    Refer to Exhibit No. FVII.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN FINANCIAL DATA

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

5. Supply financial data of company and/or parent for last five years:

- a. Earnings-price ratio (average).
- b. Earnings-book value ratio (per share basis) (avg. book value).
- c. Dividend yield (average).
- d. Earnings per share (dollar).
- e. Dividends per share (dollars).
- f. Average book value per share yearly.
- g. Average yearly market price per share (monthly high-low basis).
- h. Pre-tax funded debt interest coverage.
- i. Post-tax funded debt interest coverage.
- j. Market price-book value ratio.

Response: Refer to Exhibit No. FVII-5.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN AFUDC RATE

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

6. Provide AFUDC charged by company at test year-end and latest date, explain method by which rate was calculated and provide workpaper showing derivation of the company's current AFUDC rate.

Response: The AFUDC rate used by the Company as of December 31, 2024 was 10.04%.

The AFUDC rate is set by the Company based upon the sum of the weighted cost of debt and the weighted cost of common equity as determined in the Company's most recent fully-litigated rate proceeding before the Pennsylvania Public Utility Commission. The AFUDC rate used by the Company has not changed since December 31, 1992.

Component	Weighted Cost Rate
Long Term Debt	5.61
Common Equity	4.43
	10.04

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN COVERAGE REQUIREMENTS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

7. Set forth provisions of company's and parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

Response:

Additional funded debt may be issued to the extent that total funded debt does not exceed an amount equal to 60% of net property additions, at the time the Company first becomes liable in respect of such indebtedness.

The most restrictive limitation upon payment of dividends on common stock is contained in the note agreements securing the senior notes issued by The York Water Company and all subsequent issues. This restriction provides that cash dividends paid on common stock and buybacks of common stock may not exceed the amount of earned surplus accumulated subsequent to December 31, 1982 plus \$1,500,000. As of December 31, 2024, none of the earnings retained in the business are restricted under this provision.

Under the Pedfa Series A debt issue of 2008, the Pedfa Series A and B debt issues of 2019, the YCIDA Series of 2015, and the line of credit, York Water Company is required to maintain an equity to total capitalization ratio of 38% and a minimum interest coverage ratio of 1.80. The Company has been able to maintain these ratios in all periods.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN BUDGET

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

8. Attach copies of the summaries of the company's projected budgets for the next two years (revenues, expenses and capital).

Response: Refer to Exhibit No. HXI-4 for a copy of the Company's Financial Budget for 2025.

A summary of the Company's Financial Forecast for 2026 is attached.

Refer to Exhibit No. HVII-3 for the Projected Five Year Capital Requirements for Five Years Ending December 31, 2029.

2026

2026 REVENUE	\$ 83,037,008
2026 EXPENSE	\$ 49,125,704
2026 INT AND OTHER	\$ 9,528,311
SUBTOTAL	\$ 24,382,994
2026 TAX	\$ 1,950,639
2026 NET INCOME	\$ 22,432,354

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN DEBT REACQUISITIONS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

9. Describe long-term debt reacquisitions by company and parent as follows:
- Reacquisitions by issue by year.
  - Total gain on reacquisitions by issue by year.
  - Accounting of gain for income tax and book purposes.

Response: a. Reacquisition by Issue by Year:

3.3% Debentures due 1979 - In 1969, debentures in the principal amount of \$128,000 were reacquired.

4.8% Debentures due 1982 - In 1959, debentures in the principal amount of \$246,000 were reacquired.

6.0% PEDFA Series 2008B - In 2011, the Company bought back the principal amount of \$115,000 under an estate feature.

6.0% PEDFA Series 2008B - In 2013, the Company bought back the principal amount of \$5,000 under an estate feature.

4.5% PEDFA Series 2014 - In 2016, the Company bought back the principal amount of \$10,000 under an estate feature.

5.0% Monthly Senior Notes Series 2010A - In 2019, the Company bought back the principal amount of \$15,000,000 under a call provision.

4.75% YCIDA Series 2006 - In 2019, the Company bought back the principal amount of \$10,500,000 under a call provision.

4.5% PEDFA Series 2014 - In 2019, the Company bought back the principal amount of \$14,870,000 under a call provision.

b. Total Gain on Reacquisition by Issue by Year:

3.3% Debentures due 1979 - In 1969, the total gain on the reacquisition of debentures was \$56,000.

4.8% Debentures due 1982 - In 1959, the total gain on the reacquisition of debentures was \$95,325.

There were no gains on any other reacquisition as the bonds were bought back at par.

c. Accounting of Gain for Income Tax and Book Purposes:

3.3% Debentures due 1979 - For book purposes, the total gain on the reacquisition of debentures of \$56,000 was deferred in 1969 and amortized over a ten-year period. For tax purposes, the total gain on the reacquisition of debentures of \$56,000 was deducted from the tax basis of 1969 depreciable assets.

4.8% Debentures due 1982 - For book purposes, the total gain on the reacquisition of debentures of \$95,325 was deferred in 1959 and amortized over a ten-year period. For tax purposes, the total gain on the reacquisition of debentures of \$95,325 was deducted from the tax basis of 1959 depreciable assets.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN COMPENSATING BANK BALANCES

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

10. Provide the following information concerning compensating bank balance requirements for actual test year:
- a. Name of each bank.
  - b. Address of each bank.
  - c. Type of accounts with each bank (checking, savings, escrow, other services, etc.)
  - d. Average daily balance in each account.
  - e. Amount and percentage requirements for compensating bank balances at each bank.
  - f. Average daily compensating bank balance at each bank.
  - g. Documents from each bank explaining compensating bank balance requirements.
  - h. Interest earned on each type of account.

Response: The Company has no compensating balance requirements.

THE YORK WATER COMPANY  
 DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
 RATE OF RETURN BANK NOTES PAYABLE

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

11. Provide the following information concerning bank notes payable for actual test year:
- a. Line of credit at each bank.
  - b. Average daily balances of notes payable to each bank, by name of bank.
  - c. Interest rate charged on each bank note (prime rate formula).
  - d. Purpose of each bank note (e.g.-construction, fuel storage, working capital, debt retirement).
  - e. Prospective future need for this type of financing.

Response:

	Fulton Bank
Line of Credit	\$ 50,000,000
Average Daily Balance	\$ 10,086,510
Interest Rate	SOFR + 1.17% LIBOR floor of 0.15% Unused fee of 0.05%
Purpose	Construction, Acquisitions, and Working Capital

The Company expects to need this type of financing indefinitely into the future. When all cash on hand has been used, this type of financing will be used for construction expenditures, acquisitions, or working capital until permanent capital is issued.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN COMMON STOCK OFFERINGS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

12. Submit details on company or parent common stock offerings (past five years to present) as follows:

- a. Date of prospectus.
- b. Date of offering
- c. Record date.
- d. Offering period - dates and number of days.
- e. Amount and number of shares of offering.
- f. Offering ratio (if rights offering).
- g. Percent subscribed.
- h. Offering price.
- i. Gross Proceeds per share.
- j. Expenses per share.
- k. Net proceeds per share (i -j).
- l. Market price per share.
  - (1) At record date.
  - (2) At offering date.
  - (3) One month after close of offering.
- m. Average market price during offering.
  - (1) Price per share.
  - (2) Rights per share - average value of rights.
- n. Latest reported earnings per share at time of offering
- o. Latest reported dividends at time of offering.

Response: Refer to page 2.

THE YORK WATER COMPANY  
 DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
 RATE OF RETURN COMMON STOCK OFFERINGS

In April, 2022, the Company closed an underwritten public offering of 976,600 shares and an over-allotment of 146,340 shares. Janney Montgomery Scott LLC was the underwriter in the offering. The Company received net proceeds in the offering, after deducting offering expenses and underwriter's discounts and commissions, of approximately \$44.0 million. The net proceeds were used for general corporate purposes, including the Company's capital investment program, repayment of outstanding indebtedness, and potential acquisitions.

The Securities Certificate for the issuance of up to 1,250,000 shares of common stock was registered by the Commission in its Order at Docket No. S-2021-3029613, dated January 13, 2022.

The Company has no parent.

Date of Prospectus	April 1, 2022	Market Price Per Share:	
		Record Date	\$44.87
Date of Offering	April 1, 2022	Offering Date	\$43.67
		One Month After Closing	\$38.87
Record Date	February 28, 2022		
		Average Market Price During Offering:	
Offering Period	April 5, 2022	Price Per Share	\$43.23
		Latest Reported Earnings	
Amount and Number of Shares of Offering	\$45,999,540 1,121,940 shares	Per Share At Offering (Annual)	\$1.30
		Latest Declared Dividends:	
		Per Share At Offering (Annual)	\$0.757
Percent Subscribed	100%		
Offering Price and Gross Proceeds Per Share	\$41.00		
Expenses Per Share	\$1.64		
Net Proceeds Per Share	\$39.36		

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN AFFILIATES

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

13. Attach chart explaining company's corporate relationship to its affiliates (system structure).

Response: The Company has no affiliates.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

14. If the utility plans to make a formal claim for a specified allowable rate of return, provide the following data in statement or exhibit form:
- a. Claimed capitalization and capitalization ratios with supporting data.
  - b. Claimed cost of long-term debt with supporting data.
  - c. Claimed cost of short-term debt with supporting data.
  - d. Claimed cost of total debt with supporting data.
  - e. Claimed cost of preferred stock with supporting data.
  - f. Claimed cost of common equity with supporting data.

Response: Refer to Exhibit No. FVII.

THE YORK WATER COMPANY  
DATA REQUIREMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
RATE OF RETURN FINANCIAL REPORTS

53.53 VII. Rate of Return

D. Water and Wastewater Utilities

15. Supply copies of the following documents for the company and, if applicable, its parent:
- a. Most recent annual report to shareholders including any statistical supplements.
  - b. Most recent SEC form 10K.
  - c. All SEC form 10Q reports issued within last year.

Response:

A copy of the most recent annual report to shareholders is attached.

A copy of the most recent SEC Form 10-K and all SEC Forms 10-Q issued within the last year are attached.



**THE YORK  
WATER COMPANY**

**INVESTMENT  
FOR OUR FUTURE**

**2024**

**A N N U A L R E P O R T**

LAKE WILLIAMS DAM

# AWARD-WINNING INFRASTRUCTURE



*2024 Association of State Dam Safety Officials (ASDSO) National Dam Rehabilitation Project of the Year award on the Lake Williams Dam.*

On September 23, 2024, York Water joined an elite group of dam owners and operators who have been awarded the National Dam Rehabilitation Project of the Year award from the Association of State Dam Safety Officials (ASDSO). The ASDSO national award is presented to one project annually and The York Water Company was honored to be the 2024 recipient. This prestigious recognition is a fitting capstone of this significant achievement for The York Water Company, our customers, our employees, and our shareholders.

The original Lake Williams Dam was completed in 1912. Following more than a century of reliable service, regulatory changes rendered the spillway undersized, which necessitated rehabilitation. The Lake Williams Dam is one of a few structures of its kind in Pennsylvania able to withstand a historic flooding event six times greater than the storm of record – Hurricane Agnes in 1972.

Our engineering team and our local partners, Gannett Fleming and Kinsley Construction, executed innovative design features and construction techniques, resulting in a new structure that provides significant capacity to mitigate and minimize environmental and community risks. The successful navigation of project challenges and keen focus on safety features of the final product were key factors in the National Dam Rehabilitation Project of the Year award.

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## **ON THE FRONT COVER:**

Aerial view of the rehabilitated Lake Williams dam in spring 2024.

The York Water Company has been a responsible dam owner for over 100 years. With this investment in infrastructure we will continue to have a safe and reliable source of supply for the next 100 years.



DEAR SHAREHOLDERS

# 2024

## A YEAR OF REMARKABLE ACHIEVEMENT

On June 3, 2024 we came together as a community to rededicate the rehabilitated Lake Williams Dam. Standing with our distinguished guests, D. Andy Halliwell and Kendra Weiss joined in officially ‘wetting down’ the new spillway with water drawn earlier that morning from the Company’s original 1816 spring in Baumgartner’s Woods. (You will find the group photo on page 5.) We rededicated this impressive achievement to our employees past, both long and recent, to our employees represented that day, and to the employees who will join our ranks over the next century, and who will preside over York Water long after those pictured are gone. Andy, with just shy of 30 years’ service to York Water, and Kendra, with less than two, represented the thread of employees who have dedicated themselves to our 209-year-old institution, and without whom no accolades could be proffered. Our achievements are secured because our employees are remarkable.

Chairman George Hodges represented our Board of Directors, both sitting and past, on the spectacular June morning. From our incorporation in February 1816 to present day, it has been our Board of Directors who has laid the course for this Company, set the conditions, lent their vision to the necessity of this Company, and guaranteed management’s responsibility to and accountability for all of our stakeholders. It was our Board of Directors who met on August 13, 1911, and let a contract in the amount of \$200,000 for the construction of the billion gallon basin that would become Lake Williams. In spite of the criticism of high rates, and the public’s misinformed petition that alum was unnecessary to treat for typhoid, the Board was steadfast and concluded that it wasn’t only necessary, but the Board was obligated to make this immense capital investment to ensure a safe source of supply would be available to the growing York Community. The historic comparison of 1911 to today is salient, as our Board of Directors remains steadfast in their conviction to invest in our infrastructure and human capital towards our future.

Nearly a century ago, on August 29, 1930, the former Governor of Pennsylvania and the first head of the US Forest Service, the esteemed Gifford Pinchot stood on the very spot from which this photo was taken. He and his entourage spent the day visiting and viewing The York Water Company’s plant. He noted:

*The company has left nothing undone in its efforts to serve its consumers, and I understand perfectly why it is that during an existence of 114 years it has never found it necessary to curtail service, even during the recent unprecedented drought. It deserves praise for its successful efforts to purify its water supply. It is refreshing to know that Pennsylvania possesses a number of utilities which of their own volition go to extremes to safeguard the lives and health of their patrons, and, as I have said, The York Water Company truly recognizes the weight of its obligations.*

On September 23, 2024, I was joined by Mark Snyder, VP of Engineering and representatives from our partners Gannett Fleming and Kinsley Construction in Denver, Colorado, to accept the National Rehabilitation Project of the Year Award from the Association of State Dam Safety Officials. I reflected on Governor Pinchot’s remarks made nearly a century ago, York Water’s obligation to invest in safe, reliable, and sustainable infrastructure to safeguard our community. I am certain that if he could stand in the exact same spot and look out upon the investment made in the Lake Williams Dam and its pristine impoundment, he would be equally effusive. I accepted the National Rehabilitation Project of the Year Award, this testament to our Company’s ethos, on behalf of the remarkable team of directors and employees with whom I serve. We are grateful to our shareholders for their trust and confidence in our Nation’s Oldest Investor-Owned Utility.

President and Chief Executive Officer

# ACQUISITION AND ASSET INVESTMENT

## 2024 Acquisition Portfolio

Every day York Water is focused on providing safe, dependable, high-quality water and wastewater services that exceed customer expectations. In 2024 the team at York Water acquired six systems and hundreds of new customers.

### WATER SYSTEMS

#### Brookhaven Mobile Home Community

The acquisition of the water distribution system in the Brookhaven Mobile Home Community in Hallam Township, York County was essential for public health. Replacing the water supply wells contaminated with tetrachloroethylene (TCE) with safe drinking water from our Grantley Road filter plant required 8,000 feet of water main. Today, the Brookhaven residents have safe, reliable drinking water again.

#### Houston Run Industrial Park

York Water's acquisition in Salisbury Township, Lancaster County, the Houston Run Industrial Park, is a system that was constructed and operated by a commercial developer since its inception. The owner/operator recognized that safe and reliable water service is vital to the tenants and the complex regulatory environment is better achieved with an experienced utility provider. York Water now provides the needed expertise and resources to support the public water needs for Houston Run and its surrounding area.

#### Longstown Mobile Estates

York Water acquired the water system for the Longstown Mobile Estates, located in Windsor Township, York County. This acquisition allows us to provide the residents in this area with safe, reliable drinking water.

#### Pine Run Retirement Community

Due to elevated levels of naturally occurring radiation, the water supply source(s) at the Pine Run Community in Hamilton Township, Adams County could not meet safe drinking water standards. The owner turned to York Water to provide a reliable solution to protect the residents. Following the investment to extend nearly 14,000 feet of water main, Pine Run residents are now receiving water from York Water's Grantley Road filter plant.

### WASTEWATER SYSTEMS

#### Memphord Estates

The acquisition of the wastewater collection and treatment system serving the Memphord Estates subdivision outside of Dillsburg, York County has provided the residents with improved and more secure wastewater utility service. Since acquisition, York Water has enhanced operational controls, system performance, and we have completed needed repairs to the facilities.

#### York Haven Borough

In late 2024, York Water acquired the municipal wastewater collection and treatment assets of the York Haven Borough Sewer Authority in York County. Already a provider of drinking water for a portion of York Haven Borough, taking on wastewater services in this community was a natural fit as York Water can now provide efficient consolidated utility services. York Water is already taking steps to physically stabilize assets and facilities.



(Top) Key members of the York Water Wastewater team assembled to take over operations of the York Haven Borough Sewer System on December 9, 2024.

(Bottom) Members of the York Water team gathered on December 16, 2024, to officially turn the valve to allow safe, reliable drinking water to flow to the residents of the Brookhaven Mobile Home Community.

# Asset Investment

## COMPLETION OF THE LAKE WILLIAMS DAM

On June 3, 2024, The York Water Company, along with community and government leaders, celebrated the completion of the Lake Williams Dam Rehabilitation project.

From the state-of-the-art labyrinth weir to the digital controls within the intake valve tower, the newly rehabilitated Lake Williams Dam is capable of conveying a significantly higher volume of water across the structure with greater precision flow control. These improvements result in enhanced protections for downstream people and property for another 100 years.

The investment presents renewed contemporary confidence in a system that prioritizes redundancy in our water supply.



## WATER MAIN EXTENSIONS AND REHABILITATION

This year we extended over 20,000 linear feet of new water main and replaced nearly 10 miles of main as part of our annual infrastructure replacement program. Since 2007 York Water has replaced approximately 153 miles of existing water main, the distance of nearly 2,700 football fields!

## WASTEWATER TREATMENT EXPANSION

The Amblebrook Residential Community in Straban Township, Adams County has rapidly grown to over 570 homes, plus community and recreational facilities, since initiating construction in 2022. The continued success of this community allowed York Water to expand our wastewater treatment plant almost immediately to accommodate future phases. The expansion was completed in 2024, increasing our treatment capacity from 100,000 to 270,000 gallons per day.

*Left to right: Bob Scaer, President and CEO, Gannett Fleming; Andy Halliwell, York Water; President Commissioner Julie Wheeler, York County; JT Hand, York Water; George Hodges, York Water; Acting Secretary Jessica Shirley, PA DEP; Rob Kinsley, President, Kinsley Enterprises; Kendra Weiss, York Water*

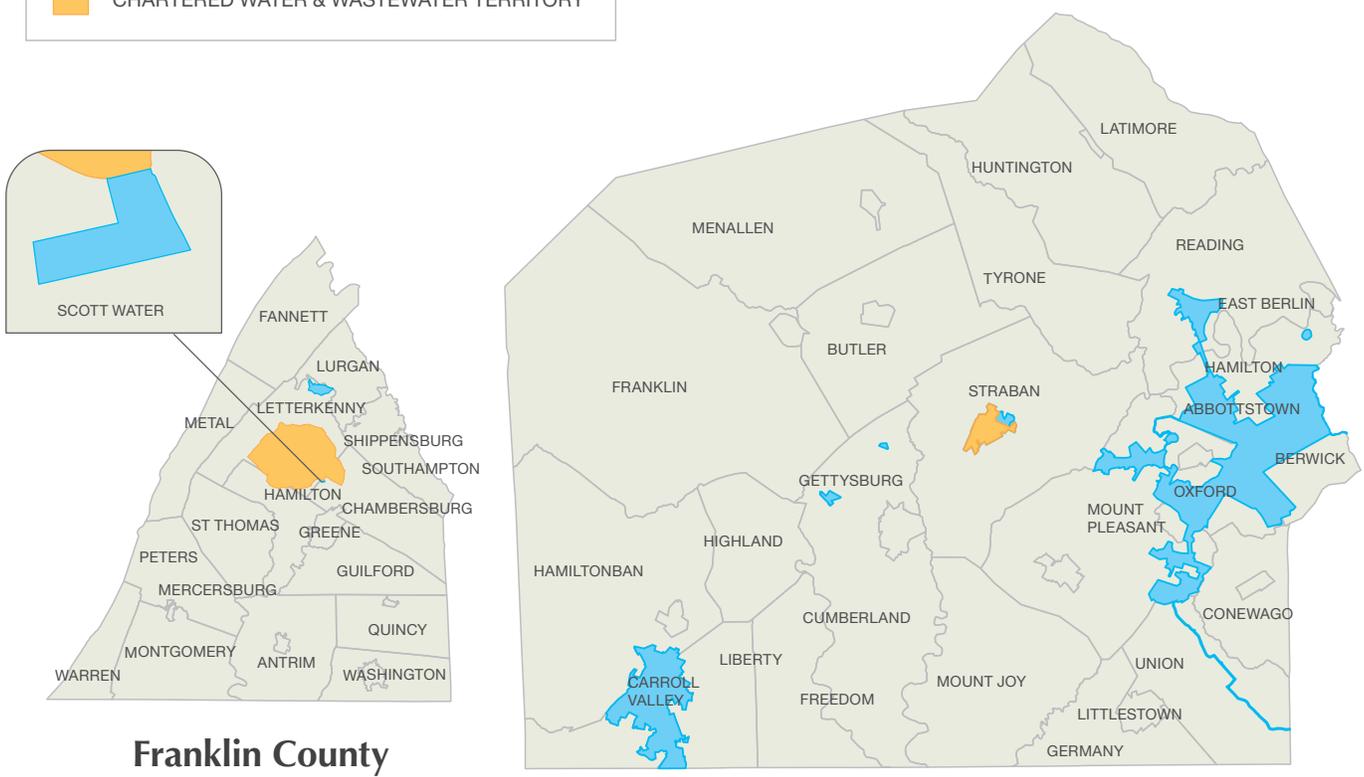
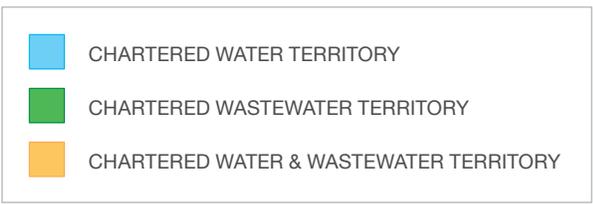
## WASTEWATER TREATMENT SYSTEM INVESTMENTS

In 2024 York Water made many significant investments on the wastewater side of our business, all to ensure efficient collection and reliable treatment in the communities we serve.

- ▶ In Lancaster at the Conewago Industrial Park, York Water teams rehabilitated equalization tanks, replaced pumps, and conducted video inspections of the collection system.
- ▶ A new energy-efficient UV treatment system was installed at our Southern York County Wastewater treatment plant to ensure that treatment is effective and consistent.

# TERRITORY MAP

The York Water Company provides water and wastewater services to over 210,000 people in across 57 municipalities in Franklin, Adams, York, and Lancaster counties.



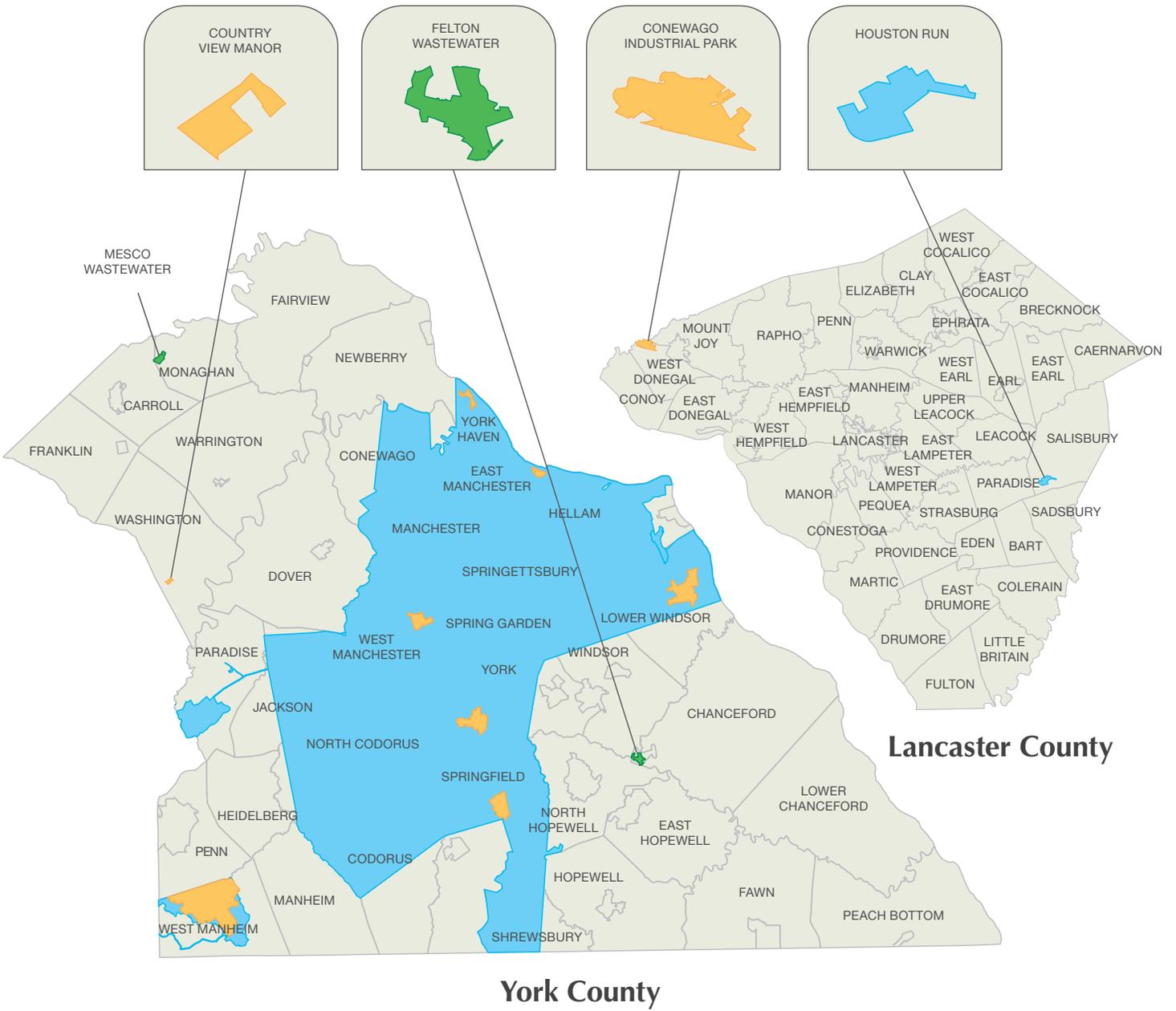
**Franklin County**

**Adams County**

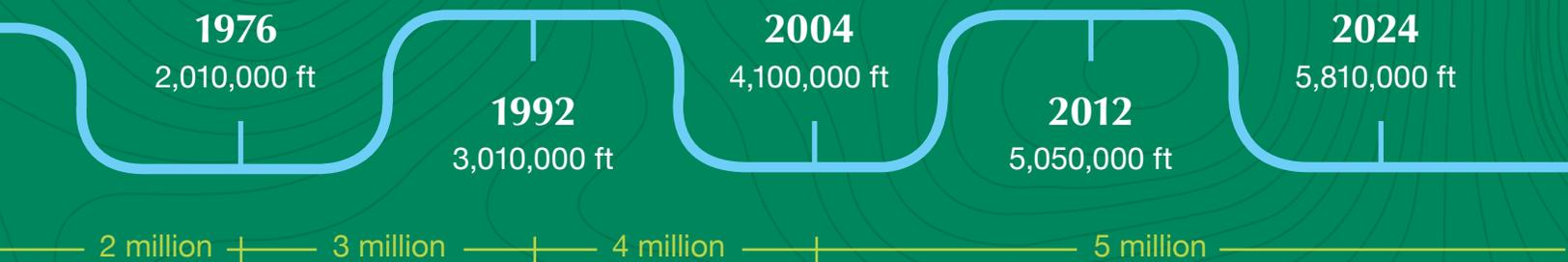
## INVESTMENT IN INFRASTRUCTURE

Investment in infrastructure is essential to ensure that The York Water Company can deliver safe and reliable water to our customers and consistently provide a reasonable return to our shareholders. One crucial component of all of our systems is our water main infrastructure that distributes finished water throughout our territory. Each year we invest significant resources to keep our main infrastructure in good working order to meet the needs of our customers. New main has an





expected engineering life of 100 years, so these projects have a multi-generational benefit. The timeline below highlights the expansion of our water main infrastructure expansion, beginning in 1816 with 376 feet to 2024 with over 5 million feet of main in service. This ongoing investment ensures York Water is able to service the ever-growing customer base throughout our territory.



# COMMUNITY LEADERSHIP & PARTNERSHIPS

## Community Leadership

As a reliable employer and community leader for over 200 years, York Water takes great pride in supporting organizations, events, and vital institutions in our community. We sponsor, volunteer, and serve as directors, leaders, workers, equipment and facility providers, facilitators, hosts, sponsors, and donors. Community participation and leadership is part of our culture because we understand the power and importance of community.

### EDUCATION IS THE FOUNDATION

Just like safe and reliable water, education is the foundation for healthy children and a strong collective future. In 2024 York Water provided over \$100,000 to early childhood education and educational foundations so that they can continue to improve the lives of children and provide needed educational opportunities. Some examples of programs York Water proudly supported includes:

- ▶ ACSI Children's Education d/b/a Children's Tuition Fund of PA
- ▶ Christian School of York
- ▶ House of Hope (York, PA)
- ▶ New Hope Ministries
- ▶ Logos Academy
- ▶ YMCA of the Roses
- ▶ YWCA of Gettysburg and Adams County
- ▶ YWCA of Hanover
- ▶ York Day Early Learning
- ▶ York Catholic High School
- ▶ York College of Pennsylvania
- ▶ York Jewish Community Center

### UNITED IN MAKING AN IMPACT

Members of the York Water team joined the United Way of York County's Day of Action as we helped to paint and clean up the YMCA Historic Fairmount neighborhood.



VP of Human Resources, Ashley Grimm, takes part in the United Way Day of Action.

### SUPPORTING OUR COMMUNITY

In 2024 our Company's support extended to community events of all sizes including:

- ▶ Boy Scouts Distinguished Citizen Celebration
- ▶ Court of Valor at Prospect Hill Cemetery
- ▶ Creative York Exhibit Sponsorship
- ▶ DreamWrights Center for Community Arts
- ▶ Factory Steam Whistle Concert
- ▶ Four Chaplains Memorial of York County
- ▶ Farm & Natural Lands Trust of York County Sasquatch Preservation Trail Run
- ▶ Garden Club of York – Downtown Flower Baskets
- ▶ Girl Scouts in the Heart of Pennsylvania's Women of Distinction Gala
- ▶ Girl Scouts Annual Cookie Drop Regional Facility Host
- ▶ Girls on the Run
- ▶ Go Green in the City
- ▶ Gold Star Memorial 5k
- ▶ Keystone Kidspace Play with Purpose and Birthday Bash
- ▶ Leg Up Farm Clay Blast Tournament
- ▶ Miss PA Scholarship Foundation
- ▶ Make Music Day 2024
- ▶ The Arc of York and Adams Counties Rail Trail 10-Miler
- ▶ Unstoppable You Conference
- ▶ York White Rose Run 5-Miler
- ▶ York YMCA Turkey Trot
- ▶ York St. Patrick's Day Parade
- ▶ York County 275th Anniversary Celebration
- ▶ York County History Center Gala and Oyster Festival
- ▶ York Marathon
- ▶ York Twinning Association Twelfth Night Tour

# Community Partnerships

York Water's commitment to supporting our communities in a variety of ways is pervasive. This year, support included many educational, recreational, and municipal events and projects.

## SHARING OUR EXPERTISE

In 2024 York Water welcomed more than a dozen school groups from local middle and high schools, to several college groups at our Grantley Road filter plant and at the Lake Williams Dam. These on-site experiences provide students a behind-the-scenes look at how we impound, treat, and distribute safe drinking water and how we manage and maintain our infrastructure.

York Water team members also presented to students and groups of all ages sharing their knowledge, experience, and their unique personal professional journeys at York Water.



*JT Hand leads a Senior Seminar for Engineering students at York College of Pennsylvania.*



*Steve Metzler shares engineering principles with elementary students.*



*Jason Heitmann shares with industry members how York Water utilizes GIS technology.*

## YORK WATER GIVING TIME AND TALENT

York Water employees give their personal time to many community organizations. Just a few of the organizations that benefit from our employee's time and talent include:

- ▶ Appell Center for the Performing Arts
- ▶ Central Pennsylvania Water Quality Association
- ▶ Children's Home of York
- ▶ Farm & Natural Lands Trust of York County
- ▶ Leg Up Farm
- ▶ Penn State York Advisory Council
- ▶ Pennsylvania Environmental Council
- ▶ Olivia's House – A Grief and Loss Center for Children
- ▶ Pennsylvania Technical Advisory Committee
- ▶ Pennsylvania Water Resources Advisory Committee
- ▶ Susquehanna National Heritage Area
- ▶ The Lower Susquehanna River Water Resource Planning Committee
- ▶ York County Community Foundation
- ▶ York County Industrial Development Authority
- ▶ YMCA of the Roses

# ENVIRONMENTAL STEWARDSHIP

Since our founding in 1816, York Water has protected and preserved our natural environment and our most important natural resource, water. Sound and consistent environmental stewardship has always been important to every decision that we make as a company. From diversifying water sources in the 1800's, to reforestation of Lake Williams in the early 1900's and again in the 1950's, to current day protection and enhancement of aquatic and wetland resources, York Water has been ahead of its time recognizing the importance of our environment to not only water quality but also to our quality of life.

## MINIMIZING ENVIRONMENTAL IMPACT AT LAKE WILLIAMS

The environment was top of mind throughout the Lake Williams Dam Rehabilitation project. The project's meticulous design and construction practices minimized environmental impacts, enhanced wildlife habitat, and created new and enhanced wetland habitat. The project also incorporated extensive tree planting and soil reuse to reshape the landscape around the dam to blend seamlessly with the natural topography.

## MAXIMIZING NATURAL RESOURCES THROUGH RECYCLING

York Water knows that metal recycling preserves natural resources and the environment by reducing the need to remove virgin raw materials from the ground. In 2024 we recommitted to ensuring that all of our scrap metal, from on-site fabrication projects to old pumps and fitting to cast iron pipe and fire hydrants, was kept out of landfills. With over 130 tons of metal recycled in 2024, we are making a positive impact environmentally and economically.



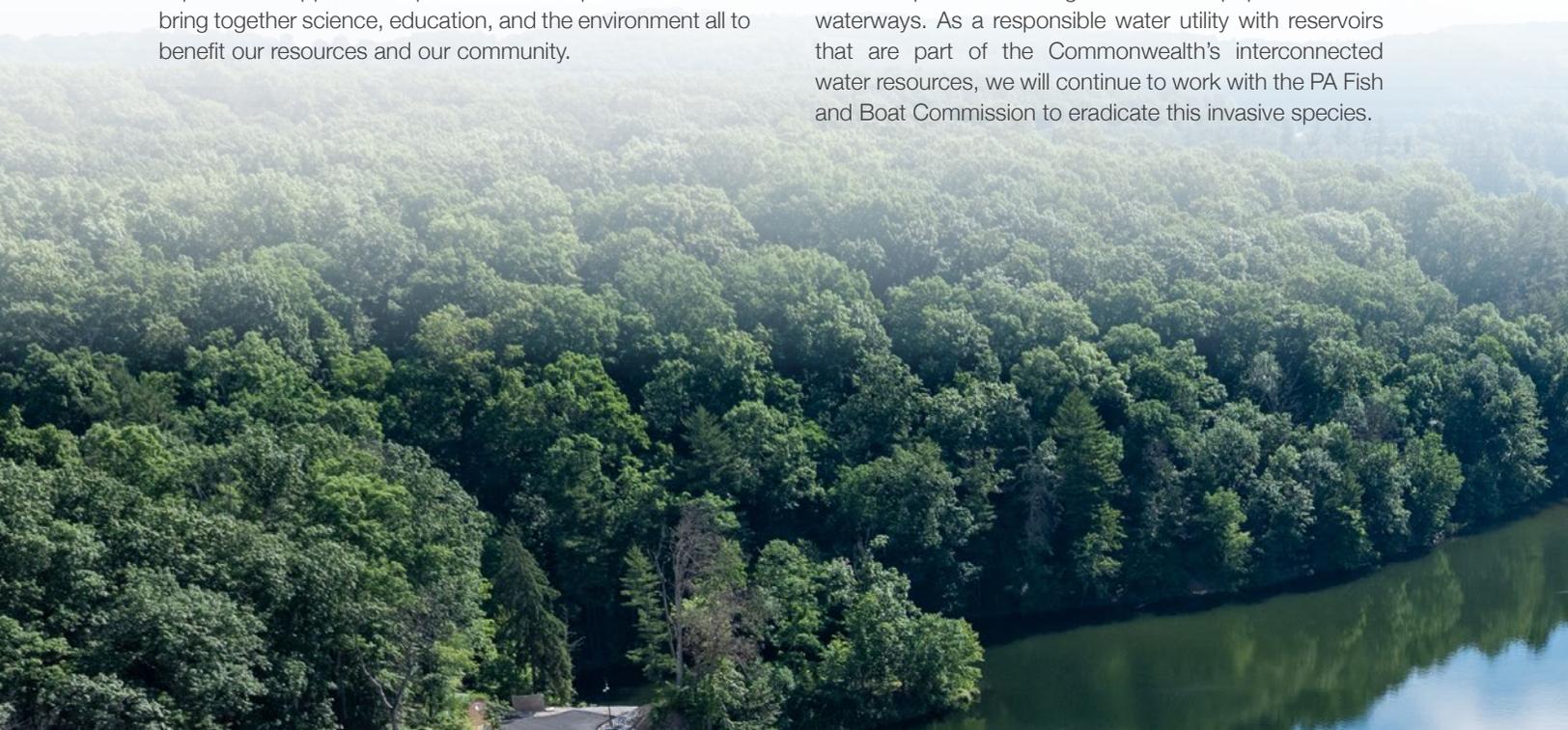
## PARTNERING WITH OTHERS

### York College of Pennsylvania

In spring 2022, York Water began a partnership with the York College of Pennsylvania Biology department to study the turtle populations at both of our York County reservoirs. This year, the scientists have been able to expand their study area to Turtle Island. Turtle Island was created during the Lake Williams Dam Rehabilitation project. York Water is proud to support this special relationship as the benefits bring together science, education, and the environment all to benefit our resources and our community.

### PA Fish and Boat Commission

York Water supports the PA Fish and Boat Commission's study and efforts to eliminate the Northern Snakehead, an invasive species, from Pennsylvania waterways. Northern Snakeheads are predatory fish that will compete with other fish species for forage and habitat. The PA Fish and Boat Commission is working to understand the impact the invasive species is having on local fish populations and waterways. As a responsible water utility with reservoirs that are part of the Commonwealth's interconnected water resources, we will continue to work with the PA Fish and Boat Commission to eradicate this invasive species.



# Source Water Protection

Source water is the water that feeds a water supply system, which can include groundwater, springs, streams, creeks, rivers, lakes, and reservoirs. Protecting source water to prevent contaminants and actively maintaining water quality are essential to efficiently provide safe, high-quality drinking water. At York Water, Source Water Protection is taken seriously both internally and within our community.

Our **Source Water Protection (SWP) Committee** is made up of community stakeholders who meet bi-annually to review the actions York Water has taken to protect our source water and provide input on annual goals and future plans. Internally, the Source Water Protection team works throughout the year to execute more and more of our source water protection plan.

In 2024 York Water commissioned a comprehensive Source Water Protection Plan for our water resources in Adams County so that we can provide service to customers and maintain sufficient water resources for future generations.

In 2024 York Water partnered with municipal leaders and first responders through an informal Source Water Informational Coffee session which proved to be a meaningful way to exchange important information. The session provided the opportunity to educate these partners about the location of our Source Water protection zones as well as who to notify should a release of a contaminant occur within the designated zones.



This year York Water continued our support of the Street2Creek Storm Drain Art Contest where artists created street art on and around storm drains to raise awareness of storm water pollution. The top three designs were awarded cash prizes and the privilege to paint their design on a storm drain in the City of York.



In 2024 York Water installed watershed signs along Interstate 83 in York County, the most heavily traveled road in our primary source water protection area. These signs act as a reminder to all who pass that they are entering a water supply area and should take steps to protect the area or report releases.

# FOCUSING ON OUR CUSTOMERS

Customer service takes a variety of forms at The York Water Company, and every member of our team is responsible to our customers. Our front line Customer Service team answers questions, addresses concerns, and solves problems day in and day out.

**In 2024 York Water received no formal PUC customer complaints.**

## THROUGHOUT 2024, OUR CUSTOMER SERVICE TEAM:



Completed over **11,600** transactions for customers who walked in the doors of our main office.



Received over **75,000** inbound phone calls.



Of inbound calls answered, **96%** were answered in 30 seconds or less.

All of this work was done and resulted in a complaint rate that remains lower than any PUC-regulated water utility in Pennsylvania. York Water is proud to provide our customers with the service that they expect and deserve.

## Customer Satisfaction Survey

**89%**

of surveyed York Water customers are satisfied with services

**72%**

of surveyed York Water customers approve of cost of service

**89%**

of surveyed York Water customers find [yorkwater.com](http://yorkwater.com) easy to use

In 2024 York Water partnered with a public survey company to conduct a Customer Satisfaction Survey. This survey of York Water customers was conducted telephonically with a live-interviewer, by mail, and utilizing online surveys. In total, 1,500 customers participated. The findings from this survey will guide the York Water team as we work to achieve the highest levels of service to our customers.

# Caring For Our Customers

## SERVICE LINE SURVEY

In 2024 the U.S. Environmental Protection Agency's (EPA) most recent Lead and Copper Rule Revision was released. Notably, these rules require all regulated water utilities across the country to develop an inventory of service line material within their system. This inventory must include the service line material for both the company-side and the customer-side.

Pre-dating the rule, York Water has been working to identify and replace company lead service lines since 1978. In 2024 we issued specific requests to all 78,000 customers to complete a Service Line Survey, which is available in traditional and digital forms. It takes 10 minutes to complete from the comfort of their home.

The completion of the survey not only ensures we are meeting the regulations outlined in the Lead and Copper Rules, but it also confirms for our customers that their homes are free from lead service lines.



## YORK WATER CARES

Our York Water Cares (YWC) program provides funding to customers who need help paying their water bills. While designed to help low-income customers, this program may also be utilized by customers who have a short-term challenge and need limited bridge assistance. Eligibility for this program is administered by The Salvation Army and Community Progress Council. York Water provided \$40,000 in 2024 to distribute to qualifying customers who need help paying their York Water bills.

**The Lake Williams Dam  
Circa 1912**





# THE LAKE WILLIAMS DAM CIRCA 2024

After 15 years of planning, permitting, and designing and nearly 2 years of construction, the Lake Williams Dam Rehabilitation project was completed. 91 days following completion, the reservoir was full once more. This once in a lifetime project to rehabilitate a century-old guardian was a true testament to the local talent who designed, engineered, and built such a structure that will provide a safe and reliable source of water for the customers of The York Water Company for generations. From the unique design features of the labyrinth weir to the inclusion of the original concrete core wall, and the numerous environmental features, it was of no surprise to those involved that this project would be named the 2024 ASDSO National Dam Rehabilitation Project of the Year.



**JUNE 3, 2024**

On this extraordinary day in York Water history, community leaders gathered to celebrate the completion of the rehabilitated Lake Williams Dam. State, county, and local officials, business leaders, key employees, and special guests joined in to toast the award-winning dam that had been completed on time and on budget.



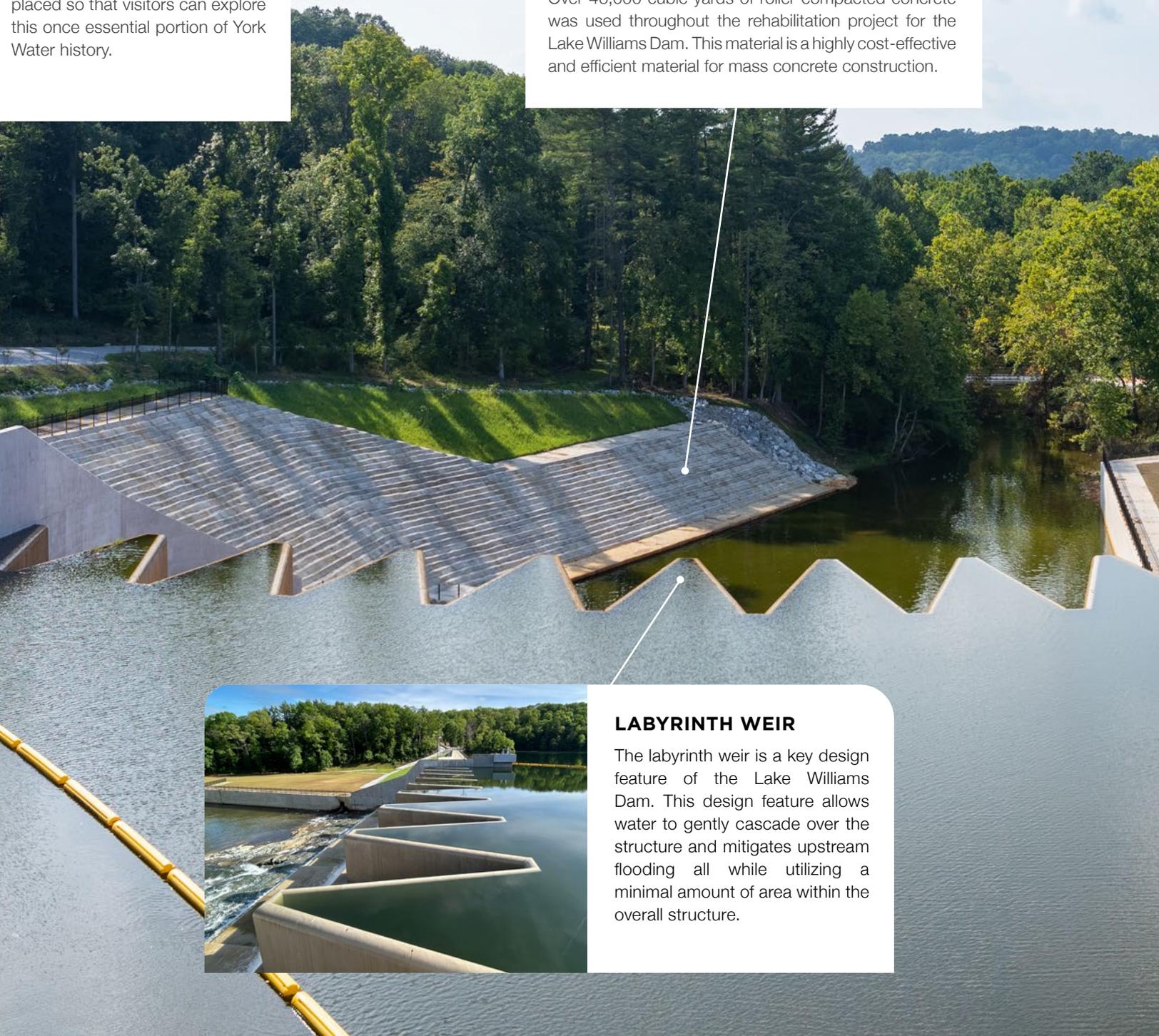
## ORIGINAL GATE VALVE

Originally placed in 1912 during construction, the Rensselaer Iron and Steel Company gate valve was removed from the Lake Williams Dam and thoughtfully restored. This gate valve has been placed so that visitors can explore this once essential portion of York Water history.



## ROLLER COMPACTED CONCRETE

Over 46,000 cubic yards of roller compacted concrete was used throughout the rehabilitation project for the Lake Williams Dam. This material is a highly cost-effective and efficient material for mass concrete construction.



## LABYRINTH WEIR

The labyrinth weir is a key design feature of the Lake Williams Dam. This design feature allows water to gently cascade over the structure and mitigates upstream flooding all while utilizing a minimal amount of area within the overall structure.





### **100+ YEAR-OLD CONCRETE CORE WALL**

Remarkably, the engineering team found the original concrete core wall to be structurally sound and was able to incorporate this century-old feature into the newly rehabilitated dam.



### **INTAKE VALVE TOWER**

This feature in the design allows for more precise flow control management, as well as remote monitoring and valve actuation.

## SIGNAGE WITH HISTORY

Following the completion of the dam, a newly-constructed sign was placed to mark the completion of the project. The materials used to create this sign include a portion of the original concrete core wall, bricks, and cupolas from the original pump house. This sign publicly identifies the project to include the essential York Water leaders and community partners who made the project possible.



## INCREASED CAPACITY

The Lake Williams Dam now impounds 1.144 billion gallons of water – an increase of 60 million gallons of water. This reservoir is part of the main water source for more than 210,000 people throughout York Water's service territory.



## TURTLE ISLANDS

As part of York Water's commitment to our environment, two habitat islands were created from excess fill material. Not only was this a significant cost-saving measure for our community, but the islands provide sanctuary for wildlife and aquatic life in our reservoir.

# THE YORK WATER COMPANY TEAM



*On June 13, 2024, nearly every employee of The York Water Company gathered at the Lake Williams Dam to celebrate the completion of the rehabilitation project.*

The York Water Company is filled with talented individuals who are committed to providing safe and reliable water and wastewater services to our customers every day. In 2024 we welcomed 24 team members who bring with them expertise to keep our Company operating efficiently, and we bid farewell and said thank you to six long-serving colleagues who helped make York Water a better place for our team and our customers.

## PROFESSIONAL DEVELOPMENT

The York Water Company recognizes the power of professional development and is committed to supporting the professionals on our team as they prepare to become the next generation of business leaders. This commitment is demonstrated in many ways including, leadership and skills training and tuition reimbursement.

- ▶ This year Nick Schaefer, our Construction Superintendent, completed Leadership York's Leadership Training Program.
- ▶ Additionally, our team earned **12 water and wastewater operator certificates**.



*Ashley Grimm and Nick Schaefer at Leadership York celebration event.*



*York Water's most recent water and wastewater certified operators. (Left to right: Brett Steers, Chuck Patton, Colton Wildasin, Daulton Quigley, Josh Cornell, Devon Hefley)*

# 80HRS

Operations department team members gathered for nearly 80 hours of safety training.

# \$45,000+

More than \$45,000 was extended for professional development and tuition reimbursement.

## Our 2024 Retirees

With a cumulative 164 years of service, six of our team members retired in 2024. We are thankful for their service and commitment.

- ▶ In January 2024, Lorie Whitehead, Executive Assistant, retired after 20 years of service.
- ▶ Rob Bissey, Distribution Customer Service Manager and Cynthia Howell, Construction Assistant, both retired in March 2024 after 45 years of service and 44 years of service, respectively.
- ▶ In April 2024, Jack Longstreet, Assistant Wastewater Superintendent, retired after 7 years of service and Marty Strine, Operations Manager, retired after 22 years of service.
- ▶ Vernon Bracey, Vice President of Customer Service, retired in September 2024 after 26 years of service.



(A) Lorie Whitehead, Executive Assistant, (B) Rob Bissey, Distribution Customer Service Manager, (C) Cynthia Howell, Construction Assistant, (D) Jack Longstreet, Assistant Wastewater Superintendent, (E) Marty Strine, Operations Manager, (F) Vernon Bracey, Vice President of Customer Service

## HIGHLIGHTS

# OUR 209<sup>TH</sup> YEAR

## Summary of Operations

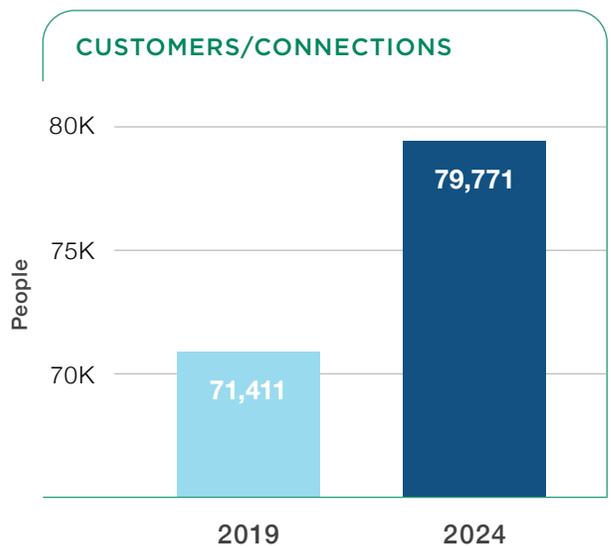
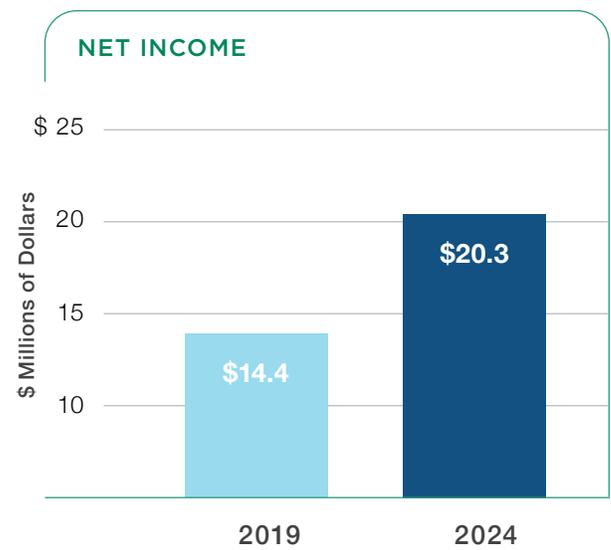
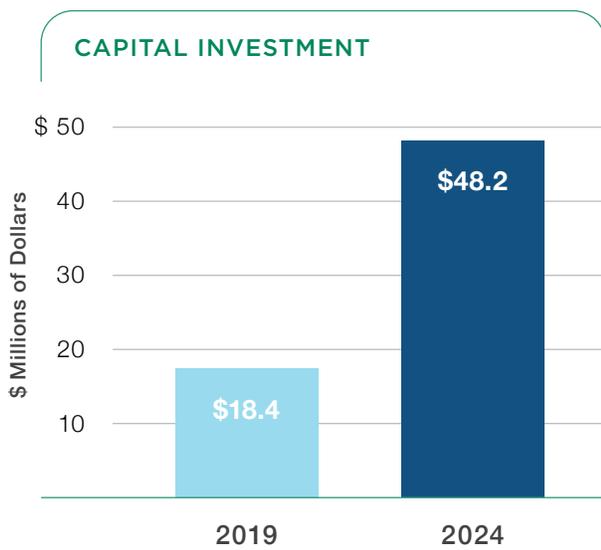
(In thousands of dollars, except per share amounts)

	2024	2023	2022	2021	2020
Operating revenues.....	\$ 74,959	\$ 71,031	\$ 60,061	\$ 55,119	\$ 53,852
Operating expenses.....	46,918	41,500	35,578	31,723	29,421
Operating income .....	28,041	29,531	24,483	23,396	24,431
Interest expense .....	6,852	2,894	3,613	3,705	4,177
Gain on life insurance .....	—	—	—	—	515
Other income (expenses), net.....	486	(1,603)	(1,275)	(1,587)	(2,153)
Income before income taxes.....	21,675	25,034	19,595	18,104	18,616
Income taxes.....	1,350	1,277	15	1,120	2,018
Net income.....	\$ 20,325	\$ 23,757	\$ 19,580	\$ 16,984	\$ 16,598
<b>PER SHARE OF COMMON STOCK</b>					
Book value .....	\$ 16.07	\$ 15.43	\$ 14.50	\$ 11.64	\$ 10.97
Earnings per share:					
Basic .....	1.42	1.66	1.40	1.30	1.27
Diluted.....	1.42	1.66	1.40	1.30	1.27
Weighted average number of shares outstanding during the year:					
Basic .....	14,346,552	14,294,910	13,957,788	13,076,263	13,033,681
Diluted .....	14,346,761	14,295,713	13,958,915	13,077,290	13,034,520
Cash dividends declared per share.....	0.8516	0.8189	0.7874	0.7571	0.7280
<b>UTILITY PLANT</b>					
Original cost, net of acquisition adjustments.....	\$ 655,089	\$ 610,817	\$ 539,963	\$ 482,113	\$ 434,963
Construction expenditures.....	48,226	64,640	50,532	34,409	32,123
<b>OTHER</b>					
Total assets .....	\$ 633,473	\$ 588,205	\$ 510,595	\$ 458,853	\$ 406,957
Long-term debt including current portion.....	205,561	180,007	139,465	146,369	123,573

For Management's Discussion and Analysis of Financial Condition and Results of Operations, please refer to Item 7 in the Company's Annual Report on Form 10-K.

## FINANCIAL STATISTICS

All the data presented in the 2024 graphs below reflect historic corporate performance records. As in previous years, The York Water Company's growth and capital placement are the highlights of 2024. We had record operating revenues, but higher operating expenses and higher net interest expense resulted in a slight decrease in our net income. The decrease in our capital investment from \$64.6M in 2023 to \$48.2M in 2024 was anticipated given the completion of the Lake Williams Dam rehabilitation project, but allowed for many facility maintenance projects and several system acquisitions. Our focus on strategic investment in both water and wastewater infrastructure and assets ensures that we provide uninterrupted service to the communities we serve and allows us to grow responsibly and efficiently.



# Supplemental Information (Unaudited)

(In thousands of dollars, except per share amounts)

YEAR ENDED DECEMBER 31	2024	2023	2022
<b>SELECTED FINANCIAL DATA</b>			
<b>Income</b>			
Operating Revenues.....	\$74,959	\$71,031	\$60,061
Operating Expenses.....	\$46,918	\$41,500	\$35,578
Operating Income.....	\$28,041	\$29,531	\$24,483
Interest Expense.....	\$6,852	\$2,894	\$3,613
Net Income.....	\$20,325	\$23,757	\$19,580
Percent Change in Net Income Compared to Prior Year.....	-14.4%	21.3%	15.3%
Common Stock Dividends.....	\$12,226	\$11,716	\$11,009
Dividend Payout Ratio.....	60.2%	49.3%	56.2%
Weighted Average Common Shares Outstanding, Basic.....	14,346,552	14,294,910	13,957,788
Basic & Diluted Earnings Per Weighted Average Common Share.....	\$1.42	\$1.66	\$1.40
Number of Common Shares Outstanding.....	14,386,282	14,332,245	14,285,584
ROE on Year End Common Equity.....	8.8%	10.7%	9.5%
Common Stock Dividends Per Share.....	\$0.8516	\$0.8189	\$0.7874
Net Cash Flows From Operating Activities.....	\$30,559	\$31,908	\$22,018
<b>Balance Sheet</b>			
Common Stockholders' Equity.....	\$231,192	\$221,178	\$207,183
Long-Term Debt Including Current Maturities.....	\$205,561	\$180,007	\$139,465
Total Capitalization.....	\$436,753	\$401,185	\$346,648
Percent Common Stockholders' Equity.....	53%	55%	60%
Percent Long-Term Debt.....	47%	45%	40%
Net Utility Plant.....	\$531,007	\$493,704	\$431,205
<b>OPERATING DATA</b>			
<b>Revenue Class</b>			
Residential.....	\$47,609	\$45,526	\$39,196
Commercial and Industrial.....	\$21,783	\$20,329	\$16,255
Other.....	\$5,567	\$5,176	\$4,610
Total Operating Revenues.....	\$74,959	\$71,031	\$60,061
Construction Expenditures.....	\$48,226	\$64,640	\$50,532
<b>OTHER OPERATING DATA</b>			
Number of Customers.....	79,771	77,893	76,731
Number of Employees.....	127	130	116
Common Shareholders.....	1,775	1,824	1,890
Book Value Per Common Share.....	\$16.07	\$15.43	\$14.50
Market Value at Year End.....	\$32.72	\$38.62	\$44.98
Market Value to Book Value.....	204%	250%	310%
Price Earning Ratio.....	23.0	23.3	32.1

	2021	2020	2019	2018	2017	2016	2015	2014
	\$55,119	\$53,852	\$51,578	\$48,437	\$48,589	\$47,584	\$47,089	\$45,900
	\$31,723	\$29,421	\$27,792	\$25,920	\$24,896	\$23,414	\$23,294	\$22,593
	\$23,396	\$24,431	\$23,786	\$22,517	\$23,693	\$24,170	\$23,795	\$23,307
	\$3,705	\$4,177	\$4,758	\$5,280	\$4,484	\$5,037	\$4,976	\$4,996
	\$16,984	\$16,598	\$14,402	\$13,376	\$12,974	\$11,846	\$12,489	\$11,484
	2.3%	15.2%	7.7%	3.1%	9.5%	-5.1%	8.8%	19.0%
	\$9,909	\$9,490	\$9,083	\$8,690	\$8,318	\$8,051	\$7,743	\$7,443
	58.3%	57.2%	63.1%	65.0%	64.1%	68.0%	62.0%	64.8%
	13,076,263	13,033,681	12,964,080	12,903,568	12,849,123	12,845,955	12,831,687	12,879,912
	\$1.30	\$1.27	\$1.11	\$1.04	\$1.01	\$0.92	\$0.97	\$0.89
	13,112,948	13,060,817	13,014,898	12,943,536	12,872,742	12,852,295	12,812,377	12,830,521
	11.1%	11.6%	10.7%	10.6%	10.9%	10.4%	11.5%	11.0%
	\$0.7571	\$0.7280	\$0.7001	\$0.6731	\$0.6472	\$0.6267	\$0.6040	\$0.5788
	\$22,959	\$20,235	\$18,881	\$18,372	\$20,111	\$19,365	\$20,710	\$18,766
	\$152,622	\$143,252	\$134,185	\$126,195	\$119,405	\$114,061	\$109,070	\$104,563
	\$146,369	\$123,573	\$101,035	\$93,358	\$90,142	\$84,653	\$84,562	\$82,312
	\$298,991	\$266,825	\$235,220	\$219,553	\$209,547	\$198,714	\$193,632	\$186,875
	51%	54%	57%	57%	57%	57%	56%	56%
	49%	46%	43%	43%	43%	43%	44%	44%
	\$382,909	\$343,623	\$313,224	\$299,157	\$288,787	\$270,907	\$261,420	\$253,194
	\$35,885	\$35,733	\$33,409	\$31,281	\$31,257	\$30,218	\$29,761	\$29,165
	\$14,892	\$14,068	\$14,441	\$13,578	\$13,729	\$13,760	\$13,822	\$13,267
	\$4,342	\$4,051	\$3,728	\$3,578	\$3,603	\$3,606	\$3,506	\$3,468
	\$55,119	\$53,852	\$51,578	\$48,437	\$48,589	\$47,584	\$47,089	\$45,900
	\$34,409	\$32,123	\$18,425	\$16,882	\$24,602	\$13,158	\$13,844	\$14,139
	73,144	72,681	71,411	70,263	69,604	67,052	66,087	65,102
	110	108	106	109	102	103	107	107
	1,933	1,982	1,998	1,999	2,011	2,052	2,007	2,002
	\$11.64	\$10.97	\$10.31	\$9.75	\$9.28	\$8.87	\$8.51	\$8.15
	\$49.78	\$46.60	\$46.11	\$32.06	\$33.90	\$38.20	\$24.94	\$23.21
	428%	425%	447%	329%	365%	431%	293%	285%
	38.3	36.7	41.5	30.8	33.6	41.5	25.7	26.1

# OFFICERS AND KEY EMPLOYEES



**Suzanne M. Becker**  
Vice President - Customer Service



**Alexandra C. Chiaruttini, Esq.**  
Chief Administrative Officer and General Counsel



**Ashley M. Grimm, Esq., SHRM-SCP**  
Vice President - Human Resources and Corporate Secretary



**Joseph T. Hand**  
President and Chief Executive Officer



**Matthew E. Poff, CPA**  
Chief Financial Officer and Treasurer



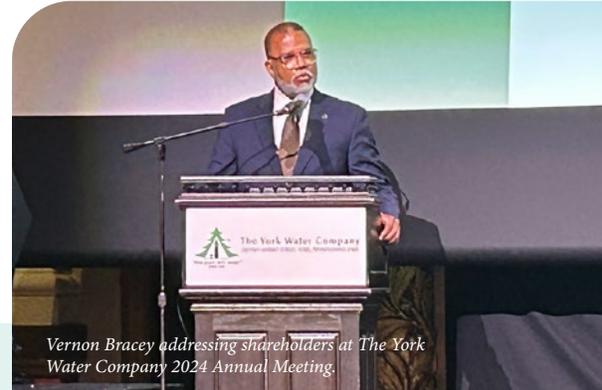
**Matthew J. Scarpato**  
Vice President - Operations



**Mark S. Snyder, P.E.**  
Vice President - Engineering



**Molly E. Houck**  
Investor Relations Coordinator and Assistant Corporate Secretary



*Vernon Bracey addressing shareholders at The York Water Company 2024 Annual Meeting.*

## CELEBRATING VERNON L. BRACEY

Following 26 years of service, Vernon L. Bracey retired as the Vice President of Customer Service on September 1, 2024. Vernon started his career as the Meter Reading Manager in 1998 and progressed to be the Customer Service Manager. He served as Vice President of Customer Service from 2003 - 2024.

Vernon has mentored many employees throughout his career and truly shaped how York Water interacts with our customers. He experienced many transitions over the years and was always loyal, able, and willing to step in wherever necessary. He exemplified a team player, and, for that, York Water is forever grateful. The entire team at The York Water Company wishes Vernon the best as he begins this new chapter of his life!

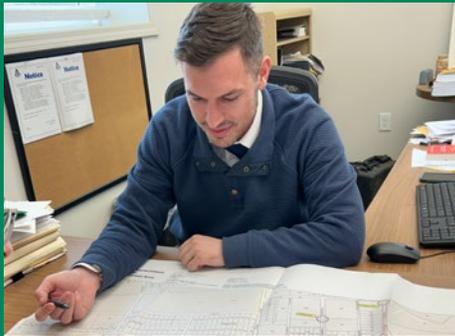


*2024 York Water officers Ashley Grimm, Mark Snyder, Matt Scarpato, Alex Chiaruttini, JT Hand, Matt Poff, and Vernon Bracey gather in August 2024.*

# THE RIGHT STUFF

## York Water is developing the workforce of our future.

We have a new generation of employees who are tech savvy, innovative, environmentally conscientious and customer service-oriented. This employee profile, along with a leadership team who is ready to mentor, develop, and support through educational opportunities, is placing The York Water Company on a trajectory for continued success.



# BOARD OF DIRECTORS



**Paul R. Bonney, Esq.** <sup>(3) (4)</sup>  
Director Since 2022



**Douglas S. Brossman** <sup>(3,4)</sup>  
Director Since 2023



**Michael W. Gang, Esq.** <sup>(1)</sup>  
Director Since 1996



**Joseph T. Hand** <sup>(1)</sup>  
Director Since 2020



**Jeffrey R. Hines, P.E.** <sup>(1)</sup>  
Director Since 2008



**George W. Hodges** <sup>(1)</sup>  
Chair, Director Since 2000



**Jody L. Keller, SPHR** <sup>(4)</sup>  
Director Since 2015



**Erin C. McGlaughlin** <sup>(3)</sup>  
Director Since 2016



**Robert J. Lambert** <sup>(2)</sup>  
Director Since 2024



**Steven R. Rasmussen, CPA** <sup>(2)</sup>  
Director Since 2011



**Laura T. Wand** <sup>(2)</sup>  
Director Since 2023

## Directors Emeriti:

James H. Cawley  
George Hay Kain, III  
William T. Morris  
Irvin S. Naylor  
Robert P. Newcomer  
Thomas C. Norris  
Jeffrey S. Osman  
Ernest J. Waters

**KEY:** (1) Executive Committee (2) Audit Committee (3) Nomination and Corporate Governance Committee (4) Compensation and Human Capital Committee

## ADDITION TO THE BOARD OF DIRECTORS 2024

### Robert J. Lambert

Mr. Robert J. Lambert joined our Board of Directors in September 2024. Mr. Lambert has led the York County Library system for more than 25 years. Mr. Lambert's experience in public administration, strategic thinking, public and private governance, as well as his deep commitment to service and community, will enhance the Board's governance capacity.

## BOARD OF DIRECTORS RETIREE

### Ernest J. Waters, Director 2007-2024

On October 5, 2024, Ernest J. Waters retired from the York Water Board of Directors after 17 years of service. Ernie served the Company and the Board well with his public utility and regulatory knowledge, experience, and wisdom. It is with deep gratitude that Ernest J. Waters has been elected Director Emeritus for The York Water Company, with full rights and privileges.



*York Water Directors Jody Keller, Douglas Brossman, Erin McGlaughlin, Michael Gang, George Hodges, JT Hand, Laura Wand, Paul Bonney, Steve Rasmussen, and Ernie Waters, celebrate the completion of the Lake Williams Dam Rehabilitation in August 2024. (Missing from the photo is Director Jeff Hines.)*

# SHAREHOLDER INFORMATION

## MARKET INFORMATION

The common stock of The York Water Company is traded on the NASDAQ Global Select Market under the symbol YORW.

Shareholders of record (excluding individual participants in securities positions listings) as of December 31, 2024, numbered approximately 1,775.

## FINANCIAL REPORTS AND INVESTOR RELATIONS

The Company makes available free of charge, on or through its website ([www.yorkwater.com](http://www.yorkwater.com)), its annual report on Form 10-K, its quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission, or SEC. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements, and other information about SEC registrants, including the Company.

Shareholders may request, without charge, copies of the Company's financial reports. Such requests, as well as other investor relations inquiries, should be addressed to:

Molly E. Houck

Investor Relations Coordinator  
and Assistant Corporate Secretary

The York Water Company  
130 East Market Street  
York, PA 17401

(717) 718-2942  
(800) 750-5561  
[mollyh@yorkwater.com](mailto:mollyh@yorkwater.com)

In 2013, we initiated a share repurchase program to add value for our shareholders. The Board of Directors authorized the Company to repurchase up to 1,200,000 shares of the Company's common stock from time to time. No shares were repurchased this year. As of December 31, 2024, 618,004 shares remain available for repurchase.

We are only including a summary of our financial results in this annual report. Please refer to our annual SEC 10-K Report, which was delivered with this report or can be downloaded from the investor relations section of our website at [www.yorkwater.com](http://www.yorkwater.com) for a more detailed review of our financial performance.

## TRANSFER AGENT & REGISTRAR

Broadridge Corporate  
Issuer Solutions, Inc.

P.O. Box 1342  
Brentwood, NY 11717

(844) 317-3311 (toll free)

<http://shareholder.broadridge.com/YORW>

## INDEPENDENT AUDITORS

Baker Tilly US, LLP

1570 Fruitville Pike  
Suite 400  
Lancaster, PA 17601

## STOCK EXCHANGE LISTING

The Company's common shares  
trade on the NASDAQ Global  
Select Market.

The trading symbol is **YORW**.



## IMPORTANT ANNUAL MEETING INFORMATION

Monday, May 5, 2025 @ 1:00 p.m

Appell Center for the Performing Arts  
50 North George Street  
York, PA 17401

Doors will open at 11:30 a.m. and a boxed lunch will be provided  
beginning at 12:00 p.m. Reservations are required.

RSVP to Molly Houck at 717-718-2942 or [mollyh@yorkwater.com](mailto:mollyh@yorkwater.com).

# THE YORK WATER COMPANY

## 2024 ANNUAL REPORT



130 East Market Street  
York, Pennsylvania 17401

717-845-3601

[www.yorkwater.com](http://www.yorkwater.com)



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34245

**THE YORK WATER COMPANY**  
(Exact name of registrant as specified in its charter)



Pennsylvania  
(State or other jurisdiction of incorporation or organization)

23-1242500  
(I.R.S. Employer Identification No.)

130 East Market Street, York, Pennsylvania  
(Address of principal executive offices)

17401  
(Zip Code)

Registrant's telephone number, including area code (717) 845-3601

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, No par value  
(Title of Class)

YORW  
(Trading Symbol)

The NASDAQ Global Select Market  
(Name of Each Exchange on Which Registered)

Securities registered pursuant to Section 12(g) of the Act:

None  
(Title of Each Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark if the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

---

The aggregate market value of the Common Stock, no par value, held by nonaffiliates of the registrant on June 30, 2024 was \$532,657,834.

As of March 3, 2025 there were 14,389,449 shares of Common Stock, no par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Company's 2025 Annual Meeting of Shareholders are incorporated by reference into Part I and Part III.

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## FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report and in documents incorporated by reference constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “objective” and similar expressions are intended to identify forward-looking statements. These forward-looking statements include certain information relating to the Company’s business strategy and future prospects; including, but not limited to:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

The forward-looking statements in this Annual Report reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to the Company and speak only as of the date hereof. The Company does not intend to make a public announcement when forward-looking statements in this Annual Report are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather or climate, including drought conditions or extended periods of heavy precipitation;
- natural disasters, including pandemics and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

## THE YORK WATER COMPANY

### PART I

#### Item 1. Business.

The York Water Company (the “Company”) is the oldest investor-owned water utility in the United States and is duly organized under the laws of the Commonwealth of Pennsylvania. The Company has operated continuously since 1816. The primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. The Company also owns and operates three wastewater collection systems and eleven wastewater collection and treatment systems. The Company operates within its franchised water and wastewater territory, which covers portions of 57 municipalities within four counties in south-central Pennsylvania. The Company is regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. The Company must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through the Company’s own distribution system. The Company obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73.0 million gallons from a combined watershed area of approximately 117 square miles. The Company has two reservoirs on this primary system, Lake Williams and Lake Redman, which together hold up to approximately 2.5 billion gallons of water. The Company supplements these reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. The Company obtains its water supply for its system for Franklin County from the Roxbury Dam on the Conodoguinet Creek, which has an average daily flow of approximately 26.0 million gallons from a watershed area of approximately 33 square miles. The Company has a reservoir on this system which holds up to approximately 330 million gallons of water. The Company also owns fifteen wells which are capable of providing a safe yield of approximately 923,000 gallons per day to supply water to the customers of its groundwater satellite systems in York, Adams, and Lancaster Counties. As of December 31, 2024, the Company’s average daily availability was 41.1 million gallons, and average daily consumption was approximately 22.4 million gallons. The Company’s service territory had an estimated population of 212,000 as of December 31, 2024. Industry within the Company’s service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

The Company’s water business is somewhat dependent on weather conditions, particularly the amount and timing of precipitation. Revenues are particularly vulnerable to weather conditions in the summer months. Prolonged periods of hot and dry weather generally cause increased water usage for watering lawns, washing cars, and keeping golf courses and sports fields irrigated. Conversely, prolonged periods of dry weather could lead to drought restrictions from governmental authorities. Despite the Company’s adequate water supply, customers may be required to cut back water usage under such drought restrictions which would negatively impact revenues. The Company has addressed some of this vulnerability by instituting minimum customer charges which are intended to cover fixed costs of operations under all likely weather conditions.

The Company’s business does not require large amounts of working capital and is not dependent on any single customer or a very few customers for a material portion of its business. Increases in revenues are generally dependent on the Company’s ability to obtain rate increases from the PPUC in a timely manner and in adequate amounts and to increase volumes of water sold through increased consumption and increases in the number of customers served. The Company continuously looks for water and wastewater acquisition and expansion opportunities both within and outside its current service territory as well as additional opportunities to enter into bulk water contracts with municipalities and other entities to supply water.

The Company has agreements with several municipalities to provide billing and collection services. The Company also has a service line protection program on a targeted basis in order to further diversify its business. Under this optional program, customers pay a fixed monthly fee, and the Company will repair or replace damaged customer service lines, as needed, subject to an annual maximum dollar amount. The Company continues to review and consider opportunities to expand both initiatives.

## **Competition**

As a regulated utility, the Company operates within an exclusive franchised territory that is substantially free from direct competition with other public utilities, municipalities, and other entities. Although the Company has been granted an exclusive franchise for each of its existing community water and wastewater systems, the ability of the Company to expand or acquire new service territories may be affected by currently unknown competitors obtaining franchises to surrounding systems by application or acquisition. These competitors may include other investor-owned utilities, nearby municipally-owned utilities and sometimes competition from strategic or financial purchasers seeking to enter or expand in the water and wastewater industry. The addition of new service territory and the acquisition of other utilities are generally subject to review and approval by the PPUC.

## **Water and Wastewater Quality and Environmental Regulations**

Provisions of water and wastewater service are subject to regulation under the federal Safe Drinking Water Act, the Clean Water Act and related state laws, and under federal and state regulations issued under these laws. In addition, the Company is subject to federal and state laws and other regulations relating to solid waste disposal, dam safety and other aspects of its operations.

The federal Safe Drinking Water Act establishes criteria and procedures for the U.S. Environmental Protection Agency, or EPA, to develop national quality standards. Regulations issued under this Act, and its amendments, set standards on the amount of certain contaminants allowable in drinking water. Current requirements are not expected to have a material impact on the Company's operations or financial condition as it already meets or exceeds standards. In the future, the Company may be required to change its method of treating drinking water and may incur additional capital investments if new regulations become effective.

Under the requirements of the Pennsylvania Safe Drinking Water Act, or SDWA, the Pennsylvania Department of Environmental Protection, or DEP, regulates the quality of the finished water supplied to customers. The DEP requires the Company to submit monthly reports showing the results of daily bacteriological and other chemical and physical analyses. As part of this requirement, the Company conducts over 70,000 laboratory tests annually. Management believes that the Company complies with the standards established by the agency under the SDWA. The DEP assists the Company by regulating discharges into the Company's watershed area to prevent and eliminate pollution.

The federal Groundwater Rule establishes protections against microbial pathogens in community water supplies. This rule requires additional testing of water from well sources, and under certain circumstances requires demonstration and maintenance of effective disinfection. The Company holds public water supply permits issued by the DEP, which establishes the groundwater source operating conditions for its wells, including demonstrated 4-log treatment of viruses. All of the groundwater satellite systems operated by the Company are in compliance with the federal Groundwater Rule.

The Clean Water Act regulates discharges from water and wastewater treatment facilities into lakes, rivers, streams, and groundwater. The Company complies with this Act by obtaining and maintaining all required permits and approvals for discharges from its water and wastewater facilities and by satisfying all conditions and regulatory requirements associated with the permits.

The DEP monitors the quality of wastewater discharge effluent under the provisions of the National Pollutant Discharge Elimination System, or NPDES. The Company submits monthly reports to the DEP showing the results of its daily effluent monitoring and removal of sludge and biosolids. The Company is not aware of any significant environmental remediation costs necessary from the handling and disposal of waste material from its wastewater operations.

The primary avenue for lead and copper to enter drinking water is through plumbing materials. The Company is required to comply with the Lead and Copper Rule established by the EPA and administered by the DEP. The Company must monitor drinking water at customer taps for compliance with this rule. If lead concentrations exceed an action level, the Company must undertake additional actions to control corrosion, inform the public about steps they should take to protect their health and may be required to replace lead service lines under its control. The Company is currently in compliance with standards under the Lead and Copper Rule.

The EPA published the Lead and Copper Rule Revisions, or LCRR, that included a requirement to submit a service line inventory and a lead service line replacement plan to the respective states or agencies by October 16, 2024. Additionally, the EPA adopted a new regulation, the Lead and Copper Rule Improvements, or LCRI, to focus on the replacement of lead and certain galvanized steel service lines and ensure public education is provided along with sampling at elementary schools and childcare facilities by 2037. The Company successfully submitted its service line inventory and is developing elementary school and childcare facility mailings in preparation for LCRI sampling compliance.

The DEP and the Susquehanna River Basin Commission, or SRBC, regulate the amount of water withdrawn from streams in the watershed to assure that sufficient quantities are available to meet the needs of the Company and other regulated users. Through its Division of Dam Safety, the DEP regulates the operation and maintenance of the Company's impounding dams. The Company routinely inspects its dams and prepares annual reports of their condition as required by DEP regulations. The DEP reviews these reports and inspects the Company's dams.

Since 1980, the DEP has required any new dam to have a spillway that is capable of passing the design flood without overtopping the dam. The design flood is either the Probable Maximum Flood, or PMF, or some fraction of it, depending on the size and location of the dam. PMF is very conservative and is calculated using the most severe combination of meteorological and hydrologic conditions reasonably possible in the watershed area of a dam.

The Company engaged a professional engineer to analyze the spillway capacities at the Lake Williams and Lake Redman dams and validate the DEP's recommended flood design for the dams. Management presented the results of the study to the DEP in December 2004, and DEP then requested that the Company submit a proposed schedule for the actions to address the spillway capacities. Thereafter, the Company retained an engineering firm to prepare preliminary designs for increasing the spillway capacities to pass the PMF through armoring the dams with roller compacted concrete. Management met with the DEP on a regular basis to review the preliminary design and discuss scheduling, permitting, and construction requirements including their concern regarding the stability of the Lake Williams spillway in light of current design standards. The Company completed the final design and the permitting process to armor the dam and replace the spillway of the Lake Williams dam and began construction in 2022. The Company completed the dam armoring and spillway replacement in 2023 at a total cost of approximately \$40 million. Additional capital expenditures were incurred in 2024 and are expected to be completed in 2025 for sitework around the dam and reservoir. The Lake Redman dam will be reassessed following the completion of the work on the Lake Williams dam.

Capital expenditures and operating costs required as a result of water quality standards and environmental requirements have been traditionally recognized by state public utility commissions as appropriate for inclusion in establishing rates. The capital expenditures currently required as a result of water quality standards and environmental requirements have been budgeted in the Company's capital program and represent less than 15% of its expected total capital expenditures over the next five years. The Company is currently in compliance with wastewater environmental standards and does not anticipate any major capital expenditures for its current wastewater business.

## **Growth**

(All dollar amounts are stated in thousands of dollars)

The Company continues to grow its number of customers and distribution facilities.

The growth in the number of customers is due primarily to the acquisition of water and wastewater systems and organic growth. During the year ended December 31, 2024, the Company increased its number of customers from 77,893 to 79,771. See "Management's Discussion and Analysis – Acquisitions and Growth" for a discussion of the Company's recent acquisitions.

The Company continues to grow its water distribution and wastewater collection systems to provide reliable service to its expanding franchised service territory and the increasing population within that territory. During the year ended December 31, 2024, the Company installed an additional 97,400 feet of water distribution mains and acquired an additional 33,000 feet of water distribution mains resulting in 1,101 miles of water mains as of December 31, 2024. During the year ended December 31, 2024, the Company acquired an additional 26,200 feet of wastewater collection mains resulting in 131 miles of wastewater mains as of December 31, 2024.

The Company's growth in revenues is primarily a result of customer growth and increases in water and wastewater rates. During the year ended December 31, 2024, the Company recognized revenue of \$74,959, an increase of \$3,928, or 5.5%, as compared to \$71,031 during the year ended December 31, 2023. In 2024, operating revenue was derived from the following sources and in the following percentages: residential, 64%; commercial and industrial, 29%; and other, 7%, which is primarily from the provision for fire service but includes other water and wastewater service-related income. See "Management's Discussion and Analysis – Rate Matters" for a discussion of the Company's rate case management.

### **Information about Our Executive Officers**

The Company presently has 127 employees including the officers detailed in the information set forth under the caption "Executive Officers of the Company" of the 2025 Proxy Statement incorporated herein by reference.

### **Available Information**

The Company makes available free of charge, on or through its website ([www.yorkwater.com](http://www.yorkwater.com)), its annual report on Form 10-K, its quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements, and other information about SEC registrants, including the Company.

Shareholders may request, without charge, copies of the Company's financial reports. Such requests, as well as other investor relations inquiries, should be addressed to:

Molly E. Houck	The York Water Company	(717) 718-2942
Human Resources &	130 East Market Street	(800) 750-5561
Investor Relations Coordinator	York, PA 17401	<a href="mailto:mollyh@yorkwater.com">mollyh@yorkwater.com</a>

### **Item 1A. Risk Factors.**

Not applicable.

### **Item 1B. Unresolved Staff Comments.**

None.

## **Item 1C. Cybersecurity.**

### **Risk Management and Strategy**

The Company recognizes the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard its information systems and protect the confidentiality, integrity, and availability of its data.

#### *Managing Material Risks & Integrated Overall Risk Management*

The Company embraces risk management across the company, to include cybersecurity risk. This comprehensive approach ensures that cybersecurity considerations are an integral part of its decision-making processes at every level. The Company's risk management team works closely with its IT department to continuously evaluate and address cybersecurity risks in alignment with its business objectives and operational needs.

#### *Engage Third Parties on Risk Management*

To address the evolving nature and complexity of cybersecurity threats, the Company engages with a range of external experts, including cybersecurity assessors, consultants, and auditors in evaluating and testing its risk management systems. These partnerships enable the Company to leverage specialized knowledge and insights with respect to its cybersecurity strategies and processes. The collaboration with these third parties includes regular audits, threat assessments, penetration testing, and consultation on security enhancements.

#### *Oversee Third-party Risk*

The Company recognizes that cybersecurity threats and risks are amplified with the addition of third-party digital service providers. In response, the Company implements stringent processes to oversee and manage these risks. It conducts thorough security assessments of all third-party providers before engagement and maintains ongoing monitoring to ensure compliance with its cybersecurity standards. This process is also intended to provide for the security and integrity of the Company's data that may be stored on third-party systems. The monitoring includes quarterly assessments made by the contracted Chief Information Officer, or CIO, and on an ongoing basis by its dedicated cybersecurity staff. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third parties.

#### *Incident Response Plan*

The Company maintains and tests its Incident Response Plan, or IRP, to appropriately document plans for identifying, prioritizing, containing, and communicating information related to an incident. The Company completes annual tabletop testing of its IRP, including a testing results review to identify opportunities for improvement.

### **Risk Evaluation**

Water utilities face several cybersecurity risks due to their critical role in monitoring and controlling water treatment and distribution processes and servicing customers. The key risks the Company has evaluated that could adversely impact system confidentiality, integrity, and/or availability include:

- **Unauthorized Remote Access:** Vulnerabilities in remote access points can be exploited by attackers to gain control over systems, potentially disrupting water services.
- **Malware and Ransomware:** Malicious software can infiltrate systems, leading to operational disruptions, data breaches, or ransom demands. Cybercriminals can encrypt critical data and demand a ransom for its release, potentially disrupting water supply and treatment processes.
- **Insider Threats:** Employees or contractors with access to systems might intentionally or unintentionally compromise security disrupting water supply and treatment processes or other utility services.
- **Denial of Service Attacks:** Attackers can overwhelm systems with traffic, rendering them unavailable and disrupting water services.
- **Unsecured Human Machine Interfaces:** Without proper security measures, human machine interfaces can be accessed by unauthorized users, allowing them to view and adjust real-time system settings.
- **Outdated Technology:** Many systems use legacy technology that lack modern security features, making them more susceptible to attacks affecting water services.
- **Network Segmentation Issues:** Poorly segmented networks can allow attackers to move laterally within the system, increasing the potential impact of an attack and impact to water services.
- **Phishing Scams:** Employees might be targeted with deceptive emails to steal sensitive information or gain unauthorized access to systems resulting in unintentional loss of data.

## **Identified Material Risks**

To date, the Company has not encountered cybersecurity challenges, risks, or breaches that have materially impaired its business strategy, operations, or its financial standing.

### **Board of Directors Oversight of Cybersecurity Material Risks – Governance**

The Board of Directors, or the Board, is keenly aware of the critical nature of cybersecurity risks, particularly in its business as a public utility providing a life sustaining product. The Board, in partnership with the Executive team, has created a robust cybersecurity program, with meaningful oversight measures and tools for tracking and managing cyber risks and threats. The Company understands the importance of its product and services to the communities that it serves and is dedicated to maintaining high stakeholder confidence in its operations.

#### *Board Oversight*

The Audit Committee is the lead Board committee with oversight of the cybersecurity program and bears the primary responsibility for this aspect of the business. The Audit Committee is comprised of Board members with diverse professional backgrounds, such as accounting/finance, utility security, risk management, and business performance integration. The breadth of experience in this Committee enables it to be the most appropriate lead in oversight of cybersecurity risks and capability.

#### *Management Role*

The Chief Administrative Officer and General Counsel has primary oversight of the IT Department and the cybersecurity program, with a direct reporting relationship to the President and Chief Executive Officer. The Chief Administrative Officer and General Counsel also reports to the Audit Committee at least two times per calendar year and presents a report to the Board at least once per calendar year. These briefings include both educational and program status information, including:

- Current cybersecurity risks, including qualitative rating based upon underlying objective measures;
- Status of ongoing cybersecurity initiatives and strategies;
- Maintenance and testing of the IRP;
- Incident and response reports and lessons learned from any cybersecurity incident(s); and
- Compliance report with regulatory requirements and industry standards.

In addition to scheduled presentations described above, the IT Department contracted CIO, the Chief Administrative Officer and General Counsel, and the President and Chief Executive Officer maintain constant dialogue regarding emerging or potential cybersecurity risks and threats. The Chief Administrative Officer and General Counsel is in regular contact with the Audit Committee Chair related to these risks so that the oversight by the Board can be both proactive and responsive. The Audit Committee has the authority to actively participate in strategic decisions related to cybersecurity and offers guidance and approval for major initiatives. As a result, cybersecurity considerations can be integrated into the foundation of broader corporate objectives. The Audit Committee and the Board conduct an annual review of the Company's cybersecurity risk position and the effectiveness of its risk management strategies and measures. From this review at the Board level, the Company is able to identify areas where there exist improvement opportunities and can set goals for the following year.

#### *Risk Management Personnel*

Primary responsibility for assessing, monitoring, and managing cybersecurity risks rests with the CIO, who has oversight over the IT Department, including one dedicated cybersecurity staff person and select specialized contractors. This group of contractors includes a Chief Information Security Officer, IT Director, Cybersecurity Analysts, Network Engineers, and Network Administrators. The CIO, Chief Information Security Officer, and IT Director all have a minimum of ten years of experience in the cybersecurity and technology leadership field.

#### *Monitor Cybersecurity Risks*

The cybersecurity team actively monitors for cybersecurity risks by employing the use of endpoint detection and response solutions with immediate alert notifications, vulnerability scanning solutions that proactively identify risks, and by monitoring the logs of network devices.

### *Reporting to the Board*

The Chief Administrative Officer and General Counsel has primary responsibility to report to the President and Chief Executive Officer and to the Board and presents with the CIO where appropriate for the content of the presentation and/or to facilitate a substantive discussion. The CIO, through the Chief Administrative Officer and General Counsel, ensures that the highest levels of the Company remain informed about the cybersecurity posture, potential risks, events, and response if they occur. Material cybersecurity matters, and significant strategic risk management processes and decisions are elevated to the Board by the Chief Administrative Officer and General Counsel, ensuring that the Board has effective and substantive oversight and may provide input and guidance on critical cybersecurity measures and issues.

## **Item 2. Properties.**

### **Source of Water Supply**

The Company obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73.0 million gallons from a combined watershed area of approximately 117 square miles. The Company owns two impounding dams on this primary system located in York and Springfield Townships adjoining the Borough of Jacobus to the south. The lower dam, the Lake Williams Impounding Dam, creates a reservoir covering approximately 165 acres and the upper dam, the Lake Redman Impounding Dam, creates a reservoir covering approximately 290 acres, which together hold up to approximately 2.5 billion gallons of water. The Company supplements these reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons per day, or MGD.

The Company obtains its water supply for its system for Franklin County from the Roxbury Dam on the Conodoguinet Creek, which has an average daily flow of approximately 26.0 million gallons from a watershed area of approximately 33 square miles. The Company has a reservoir on this system which holds up to approximately 330 million gallons of water.

The Company also owns satellite groundwater systems in York, Adams, and Lancaster Counties. The systems consist of fifteen wells capable of providing a combined safe yield of approximately 923,000 gallons per day.

As of December 31, 2024, the Company's present average daily availability was 41.1 million gallons, and daily consumption was approximately 22.4 million gallons.

### **Pumping Stations**

The Company's main pumping station is located in Spring Garden Township, York County, on the south branch of the Codorus Creek about four miles downstream from the Company's lower impounding dam. The pumping station houses pumping equipment with a combined permitted capacity of 42.0 MGD. A large diesel backup generator is installed to provide power to the pumps in the event of an emergency. The untreated water is pumped approximately two miles to the filtration plant through pipes owned by the Company.

The Susquehanna River Pumping Station is located on the western shore of the Susquehanna River in York County, several miles south of Wrightsville. The pumping station houses pumping equipment with a combined permitted capacity of 12.0 MGD. The pumping station pumps water from the Susquehanna River approximately 15 miles through a combination of 30 inch and 36 inch ductile iron main to the Company's upper impounding dam, located at Lake Redman.

The Lake Redman Pumping Station is located in York Township, York County, adjacent to Lake Redman. The pumping station is designed to provide a redundant source with permitted capacity to pump 20.0 MGD of untreated water through a company-owned 36 inch force main approximately 3.5 miles to the filtration plant, meeting the Company's daily consumption needs.

## **Treatment Facilities**

The Company's primary water filtration plant is located in Spring Garden Township, York County, about one-half mile south of the City of York. Water at this plant is filtered through twelve dual media filters having a rated capacity of 39.0 MGD, with a maximum supply of 42.0 MGD for short periods if necessary.

The Company's sediment recycling facility is located adjacent to this water filtration plant. This state of the art facility employs cutting edge technology to remove fine, suspended solids from untreated water. The Company estimates that through this energy-efficient, environmentally friendly process, approximately 600 tons of sediment will be removed annually, thereby improving the quality of the Codorus Creek watershed.

The Company also operates a water filtration plant in Greene Township, Franklin County. Water at this plant is filtered through filters having a rated capacity of 1.16 MGD.

Based on a total average daily consumption in 2024 of approximately 22.4 million gallons, the Company believes the water pumping and filtering facilities are adequate to meet present and anticipated demands.

The Company has eleven wastewater treatment facilities located in four counties within south-central Pennsylvania. The wastewater treatment plants range from small extended aeration package plants to three larger facilities that utilize Biological Nutrient Removal/tertiary treatment technology and have a combined permitted flow capacity of 1,222,500 gallons. With a projected maximum daily demand of 439,734 gallons, the plants' flow paths offer both capacity and operational redundancy for maintenance, high flow events, and potential growth.

## **Distribution and Collection**

The distribution systems of the Company have approximately 1,101 miles of water main lines which range in diameter from 2 inches to 36 inches. The distribution systems include booster stations and standpipes and reservoirs capable of storing approximately 58.7 million gallons of potable water. All booster stations are equipped with at least two pumps for protection in case of mechanical failure. Following a deliberate study of customer demand and pumping capacity, the Company installed standby generators at all critical booster stations to provide an alternate energy source or emergency power in the event of an electric utility interruption.

The fourteen wastewater collection systems of the Company have approximately 131 miles of gravity collection mains and pressure force mains along with redundant sewage pumping stations.

## **Other Properties**

The Company's distribution center and material and supplies warehouse are located in Springettsbury Township and are composed of three one-story concrete block buildings aggregating 30,680 square feet.

The administrative and executive offices of the Company are located in one three-story and one two-story brick and masonry buildings, containing a total of approximately 21,861 square feet, in the City of York, Pennsylvania.

All of the Company's properties described above are held in fee by the Company. There are no material encumbrances on such properties.

In 1976, the Company entered into a Joint Use and Park Management Agreement with York County under which the Company licensed use of certain of its lands and waters for public park purposes for a period of 50 years. Under the agreement, York County has agreed not to erect a dam upstream on the East Branch of the Codorus Creek or otherwise obstruct the flow of the creek.

**Item 3. Legal Proceedings.**

There are no material legal proceedings involving the Company.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### **Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

#### **Market Information**

The common stock of The York Water Company is traded on the NASDAQ Global Select Market under the symbol YORW.

Shareholders of record (excluding individual participants in securities positions listings) as of December 31, 2024 numbered approximately 1,775.

#### **Securities Authorized for Issuance under Equity Compensation Plans**

The information required by this item with respect to securities authorized for issuance under equity compensation plans is set forth in Part III, Item 12 of this Annual Report.

#### **Purchases of Equity Securities by the Company**

The Company did not repurchase any of its securities during the fourth quarter of 2024.

### **Item 6. Reserved.**

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

(All dollar amounts are stated in thousands of dollars.)

#### **Overview**

The York Water Company (the "Company") is the oldest investor-owned water utility in the United States, operated continuously since 1816. The Company also owns and operates three wastewater collection systems and eleven wastewater collection and treatment systems. The Company is a purely regulated water and wastewater utility. Profitability is largely dependent on water revenues. Due to the size of the Company and the limited geographic diversity of its service territory, weather conditions, particularly precipitation, economic, and market conditions can have an adverse effect on revenues. The Company experienced increased revenues in 2024 compared to 2023 primarily due to the residual effects of a rate increase effective March 1, 2023, an increase in the number of customers, and higher revenues from the distribution system improvement charge, or DSIC.

The Company's business does not require large amounts of working capital and is not dependent on any single customer or a very few customers for a material portion of its business. In 2024, operating revenue was derived from the following sources and in the following percentages: residential, 64%; commercial and industrial, 29%; and other, 7%, which is primarily from the provision for fire service, but includes other water and wastewater service-related income. The diverse customer mix helps to reduce volatility in consumption.

The Company seeks to grow revenues by increasing the volume of water sold and wastewater service provided through increases in the number of customers, making timely and prudent investments in infrastructure replacements, expansion and improvements, and timely filing for rate increases. The Company continuously looks for acquisition and expansion opportunities both within and outside its current service territory as well as through contractual services and bulk water supply.

The Company has entered into agreements with municipalities to provide billing and collection services. The Company also has a service line protection program on a targeted basis. The Company continues to review and consider opportunities to expand both initiatives to further diversify the business.

In addition to increasing revenue, the Company consistently focuses on minimizing costs without sacrificing water quality or customer service. Paperless billing, expanding online services, negotiation of favorable electric, banking, and other costs, and reduced pension contributions are examples of the Company's recent efforts to minimize costs.

### **Performance Measures**

Company management uses financial measures including operating revenues, net income, earnings per share and return on equity to evaluate its financial performance. Additional statistical measures including number of customers, customer complaint rate, annual customer rates and the efficiency ratio are used to evaluate performance quality. These measures are calculated on a regular basis and compared with historical information, budget and the other publicly-traded water and wastewater companies.

The Company's performance in 2024 was strong under the above measures. Operating revenues increased in 2024 compared to 2023 primarily due to the residual effects of a rate increase effective March 1, 2023, an increase in the number of customers, and higher revenues from the DSIC. The increase in operating expenses offset the increase in operating revenues. The Company incurred higher interest expense and lower allowance for funds used during construction. The Company did benefit from a lower contribution to the pension plans. The overall effect was a decrease in net income in 2024 over 2023 of 14.4% and a return on year end common equity of 8.8%. The return on year end common equity was lower than the 2023 result and the five year historical average return on year end common equity of 10.7%. The Company expects to file a rate increase request in 2025 which may increase its opportunity to earn a higher return on year end common equity in the future.

The efficiency ratio, which is calculated as net income divided by revenues, is used by management to evaluate its ability to control expenses. Over the five previous years, the Company's ratio averaged 31.1%. In 2024, the ratio was lower than the average at 27.1% due primarily to the increase in operating expenses, higher interest expense, and lower allowance for funds used during construction. Management is confident that its ratio will compare favorably to that of its peers. Management continues to look for ways to decrease expenses and increase efficiency as well as to file for rate increases promptly when needed.

### **2024 Compared with 2023**

Net income for 2024 was \$20,325, a decrease of \$3,432, or 14.4%, from net income of \$23,757 for the same period of 2023. The primary contributing factors to the decrease were higher operating expenses, a lower allowance for funds used during construction, and higher interest on debt, which were partially offset by higher operating revenues and lower pension costs.

Operating revenues for 2024 increased \$3,928, or 5.5%, from \$71,031 for 2023 to \$74,959 for 2024. The primary reason for the increase was a rate increase effective March 1, 2023. Growth in the customer base also added to revenues. The average number of water customers served in 2024 increased as compared to 2023 by 999 customers, from 71,416 to 72,415 customers. The average number of wastewater customers served in 2024 increased as compared to 2023 by 522 customers, from 5,999 to 6,521 customers, primarily due to acquisitions. There was increased revenues from the DSIC allowed by the PPUC of \$137. The DSIC allows the Company to add a charge to customers' water bills for qualified replacement costs of certain infrastructure without submitting a rate filing. The DSIC reset to zero on March 1, 2023 when the new rate order took effect and began again in June 2024 for bills rendered after July 1, 2024. Total per capita consumption for 2024 was approximately 0.8% lower than the same period of last year. In 2025, the Company expects revenues to show a modest increase due to revenues from the DSIC and an increase in the number of water and wastewater customers from acquisitions and growth within the Company's service territory. Other regulatory actions, weather patterns, and economic conditions could impact results.

Operating expenses for 2024 increased \$5,418, or 13.1%, from \$41,500 for 2023 to \$46,918 for 2024. The increase was primarily due to higher expenses of approximately \$1,216 for depreciation and amortization, \$1,007 for wages and benefits, \$992 for distribution system maintenance, \$534 for an increased allowance for uncollectible accounts, \$504 for wastewater treatment, \$268 for purchased power, \$226 for insurance, \$200 for outside services, \$163 for water treatment, and \$92 for billing and revenue collection services. Other operating expenses increased by a net of \$415. The increase was partially offset by reduced fuel expenses of \$199 for the prior year pumping of raw water from the Susquehanna River, not repeated in 2024. In 2025, the Company expects depreciation and amortization expense to continue to rise due to additional investment in utility plant, and other expenses to increase as costs to treat water and wastewater, and to maintain and extend the distribution system, continue to rise. Weather patterns could further increase operating expenses.

Interest on debt for 2024 increased \$1,857, or 26.4%, from \$7,047 for 2023 to \$8,904 for 2024. The increase was primarily due to an increase in long-term debt outstanding and higher interest rates upon issuance of the 5.67% Senior Notes. The average debt outstanding under the line of credit was \$10,087 in 2024 and \$16,316 in 2023. The weighted average interest rate on the line of credit was 5.23% during 2024 and 5.36% during 2023. Interest expense for 2025 is expected to increase due to the increase in long-term debt outstanding.

Allowance for funds used during construction decreased \$2,101, from \$4,153 in 2023 to \$2,052 in 2024 due to a higher volume of eligible construction in 2023. Allowance for funds used during construction in 2025 is expected to decrease based on a projected decrease in the amount of eligible construction.

Other pension costs reflect decreased expense of \$1,606 in 2024 due to a lower contribution to the pension plans. In 2025, other pension costs is expected to be similar to 2024.

Other income (expenses), net for 2024 reflects decreased expenses of \$483 as compared to 2023. The decrease was primarily due to lower retirement expenses of approximately \$315, higher earnings on life insurance policies of approximately \$113, and lower charitable contributions of approximately \$112. Other expenses increased by a net of \$57. In 2025, other income (expenses) will be largely determined by the change in market returns and discount rates for retirement programs and related assets.

Income tax expense for 2024 increased \$73 as compared to 2023 due to lower deductions for the Internal Revenue Service, or IRS, tangible property regulations, or TPR. The Company's effective tax rate was 6.2% for 2024 and 5.1% for 2023. The Company's effective tax rate for 2025 will be largely determined by the level of eligible asset improvements expensed for tax purposes under the IRS TPR each period.

### **Rate Matters**

See Note 10 to the Company's financial statements included herein for a discussion of its rate matters.

Effective January 1, 2025, the Company's tariff included a DSIC on revenues of 2.20%.

The Company expects to file a rate increase request in 2025.

### **Acquisitions and Growth**

See Note 2 to the Company's financial statements included herein for a discussion of completed acquisitions included in financial results.

On January 24, 2025, the Company signed an agreement to purchase the water assets of Eagle View Manufactured Housing Community in Berwick Township, Adams County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 140 water customers.

On June 27, 2024, the Company signed an agreement to purchase the wastewater collection and treatment assets of CMV Sewage Co., Inc. in Chanceford Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 280 wastewater customers.

On February 7, 2024, the Company signed an agreement to purchase the wastewater collection assets of Margareta Mobile Home Park in Lower Windsor Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 65 wastewater customers.

In total, these acquisitions are expected to be immaterial to Company results. The Company is also pursuing other bulk water contracts and acquisitions in and around its service territory to help offset any potential declines in per capita water consumption and to grow its business.

### **Capital Expenditures**

During 2024, the Company invested \$48,226 in construction expenditures for armoring and replacing the spillway of the Lake Williams dam, wastewater treatment plant construction as well as various replacements and improvements to infrastructure and routine items. In addition, the Company invested \$783 in the acquisition of water and wastewater systems. The Company replaced approximately 50,200 feet of water main in 2024. The Company was able to fund construction expenditures using internally-generated funds, line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions from developers, municipalities, customers, or builders. See Notes 1, 4 and 5 to the Company's financial statements included herein.

The Company anticipates construction and acquisition expenditures for 2025 and 2026 of approximately \$46,000 and \$48,500, respectively, exclusive of any acquisitions not yet approved. In addition to routine transmission and distribution projects, a portion of the anticipated 2025 and 2026 expenditures will be for additional main extensions, water tank replacement, wastewater treatment plant construction, an upgrade to the enterprise software system, and various replacements of infrastructure. The Company intends to use primarily internally-generated funds for its anticipated 2025 and 2026 construction and fund the remainder through line of credit borrowings, potential debt and equity offerings, proceeds from its stock purchase plans and customer advances and contributions (see Note 1 to the Company's financial statements included herein). Customer advances and contributions are expected to account for between 5% and 10% of funding requirements in 2025 and 2026. The Company believes it will have adequate credit facilities and access to the capital markets, if necessary, during 2025 and 2026, to fund anticipated construction and acquisition expenditures.

### **Liquidity and Capital Resources**

#### **Cash**

The Company manages its cash through a cash management account that is directly connected to its line of credit. Excess cash generated automatically pays down outstanding borrowings under the line of credit arrangement. If there are no outstanding borrowings, the cash is used as an earnings credit to reduce banking fees. Likewise, if additional funds are needed beyond what is generated internally for payroll, to pay suppliers, to fund capital expenditures, or to pay debt service, funds are automatically borrowed under the line of credit. As of December 31, 2024, the Company borrowed \$15,808 under its line of credit and incurred a cash overdraft on its cash management account of \$2,428, which was recorded in accounts payable. The cash management facility connected to the line of credit is expected to provide the necessary liquidity and funding for the Company's operations, capital expenditures, and acquisitions for the foreseeable future.

### **Accounts Receivable**

The accounts receivable balance tends to follow the change in revenues but is also affected by the timeliness of payments by customers and the level of the reserve for doubtful accounts. In 2024, higher revenue levels as compared to 2023 resulted in an increase in accounts receivable – customers. A reserve is maintained at a level considered adequate to provide for expected credit losses. Expected credit losses are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer’s ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. Customer accounts are written off when collection efforts have been exhausted. If the status of the evaluated factors deteriorate, the Company may incur additional expenses for uncollectible accounts and experience a reduction in its internally-generated funds.

### **Internally-generated Funds**

The amount of internally-generated funds available for operations and construction depends on the Company’s ability to obtain timely and adequate rate relief, changes in regulations, customers’ water usage, weather conditions, customer growth and controlled expenses. In 2024, the Company generated \$30,559 internally as compared to \$31,908 in 2023. The decrease from 2023 was primarily due to higher interest and income taxes paid.

### **Common Stock**

Common stockholders’ equity as a percent of the total capitalization was 52.6% as of December 31, 2024, compared with 54.8% as of December 31, 2023. The ratio decreased in 2024 due to higher debt primarily from capital expenditures. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward until it approaches fifty percent before considering additional equity. It is the Company’s general intent to target equity between fifty and fifty-five percent of total capitalization.

The Company has an effective “shelf” Registration Statement on Form S-3 on file with the Securities and Exchange Commission, pursuant to which the Company may offer an aggregate remaining amount of up to \$60,000 of its common stock or debt securities subject to market conditions at the time of any such offering.

### **Credit Line**

Historically, the Company has borrowed under its lines of credit before refinancing with long-term debt or equity capital. As of December 31, 2024, the Company maintained a \$50,000, unsecured, committed line of credit at an interest rate of the Secured Overnight Financing Rate, or SOFR, plus 1.17% with an unused commitment fee and an interest rate floor. The Company had \$15,808 in outstanding borrowings under its line of credit as of December 31, 2024. The interest rate on line of credit borrowings as of December 31, 2024 was 5.72%. In the third quarter of 2024, the Company renewed its committed line of credit and extended the maturity date to September 2026. No other terms or conditions of the line of credit agreement were modified. On January 1, 2023, the interest rate changed from LIBOR plus 1.05% to a successor rate of the SOFR plus 1.17% in advance of the discontinuation of LIBOR in 2023. The Company expects to renew this line of credit as it matures under similar terms and conditions.

The Company has taken steps to manage the risk of reduced credit availability. It has established a committed line of credit with a 2-year revolving maturity that cannot be called on demand. There is no guarantee that the Company will be able to obtain sufficient lines of credit with favorable terms in the future. If the Company is unable to obtain sufficient lines of credit or to refinance its line of credit borrowings with long-term debt or equity, when necessary, it may have to eliminate or postpone capital expenditures. Management believes the Company will have adequate capacity under its current line of credit to meet financing needs throughout 2025.

### **Long-term Debt**

The Company’s loan agreements contain various covenants and restrictions. Management believes it is currently in compliance with all of these restrictions. See Note 6 to the Company’s financial statements included herein for additional information regarding these restrictions.

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

The Company's total long-term debt as a percentage of the total capitalization, defined as total common stockholders' equity plus total long-term debt, was 47.4% as of December 31, 2024, compared with 45.2% as of December 31, 2023. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward. A debt to total capitalization ratio between forty-five and fifty percent has historically been acceptable to the PPUC in rate filings. See Note 6 to the Company's financial statements included herein for the details of its long-term debt outstanding as of December 31, 2024.

### **Income Taxes, Deferred Income Taxes and Uncertain Tax Positions**

Under the IRS TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions. The Company expects to continue to expense these asset improvements in the future.

The Company's effective tax rate will largely be determined by income before income taxes and the level of eligible asset improvements expensed for tax purposes that would have been capitalized for tax purposes prior to the implementation of the TPR.

On July 8, 2022, the Pennsylvania budget for the fiscal year ending June 30, 2023 was signed into law. A provision within the tax code bill included with the budget provides for an annual phase-down of the Pennsylvania corporate net income tax rate of one percentage point in the first year beginning January 1, 2023 from 9.99% to 8.99%, and a one-half percentage point each year thereafter until it reaches 4.99% beginning January 1, 2031. The Company has remeasured the state portion of the Company's deferred income taxes. The effect, net of the federal benefit recognized in income for the years ended December 31, 2024 and 2023, was immaterial. Deferred income taxes for differences that are recognized for ratemaking purposes on a cash or flow-through basis were remeasured with offsetting changes to regulatory assets and liabilities on the balance sheet as of December 31, 2024 and 2023. The Company expects any savings in its Pennsylvania current income taxes to be returned to its customers through the rate making process or as a future negative surcharge on their bills.

The Company has a substantial deferred income tax asset primarily due to the excess accumulated deferred income taxes on accelerated depreciation from the Tax Cuts and Jobs Act of 2017 and the differences between the book and tax balances of the customers' advances for construction and contributions in aid of construction, and deferred compensation plans. The Company does not believe a valuation allowance is required due to the expected generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has seen an increase in its deferred income tax liability amounts primarily as a result of the accelerated depreciation deduction available for federal tax purposes which creates differences between book and tax depreciation expense. The Company expects this trend to continue as it makes significant investments in capital expenditures subject to accelerated depreciation or TPR.

The Company has determined there are no uncertain tax positions that require recognition as of December 31, 2024. See Note 14 to the Company's financial statements included herein for additional details regarding income taxes.

### **Credit Rating**

On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's ability to maintain its credit rating depends, among other things, on adequate and timely rate relief, which it has been successful in obtaining, its ability to fund capital expenditures in a balanced manner using both debt and equity and its ability to generate cash flow. In 2025, the Company's objectives are to continue to maximize its funds provided by operations and maintain a strong capital structure in order to be able to attract capital.

### **Physical and Cyber Security**

The Company maintains security measures at its facilities, and collaborates with federal, state, and local authorities, and industry trade associations regarding information on possible threats and security measures for water and wastewater utility operations. The costs incurred are expected to be recoverable in water and wastewater rates and are not expected to have a material impact on its business, financial condition, or results of operations.

The Company relies on information technology systems in connection with the operation of the business, especially with respect to customer service, billing, accounting, and in some cases, the monitoring and operation of treatment, storage, and pumping facilities. In addition, the Company relies on these systems to track utility assets and to manage maintenance and construction projects, materials and supplies, and human resource functions. The information technology systems may be vulnerable to damage or interruption from cyber security attacks or other cyber-related events, including, but not limited to, power loss, computer systems failures, internet, telecommunications or data network failures, physical and electronic loss of data, computer viruses, intentional security breaches, hacking, denial of service actions, misappropriation of data, and similar events. In some cases, administration of certain functions may be outsourced to third-party service providers that could also be targets of cyber security attacks. A loss of these systems, or major problems with the operation of these systems, could harm the business, financial condition, and results of operations of the Company through the loss or compromise of customer, financial, employee, or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems, and delays in financial reporting and other normal management functions.

Possible impacts associated with a cyber security attack or other events may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on the Company's compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation, and reputational damage.

The Company has implemented processes, procedures, and controls to prevent or limit the effect of these possible events and maintains insurance to help defray costs associated with cyber security attacks. The Company has not experienced a material impact on business or operations from these attacks. Although the Company does not believe its systems are at a materially greater risk of cyber security attacks than other similar organizations and despite the implementation of robust security measures, the Company cannot provide assurance that the insurance will fully cover the costs of a cyber security event, and its robust security measures do not guarantee that reputation and financial results will not be adversely affected by such an incident.

### **Environmental Matters**

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,961 and \$1,762 through December 31, 2024 and 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

## **Drought**

On November 1, 2024, Pennsylvania state officials declared a drought watch for 33 counties in Pennsylvania, including all four counties in the Company's service territory. The watch calls for a voluntary reduction in nonessential water use of 5 to 10 percent. The watch conditions could potentially impact future revenues and net income depending on the length and severity of the dry conditions.

## **Dividends**

During 2024, the Company's dividend payout ratios relative to net income and net cash provided by operating activities were 60.2% and 39.6%, respectively. During 2023, the Company's dividend payout ratios relative to net income and net cash provided by operating activities were 49.3% and 36.3%, respectively. During the fourth quarter of 2024, the Board increased the dividend by 4.00% from \$0.2108 per share to \$0.2192 per share per quarter.

The Company's Board declared a dividend in the amount of \$0.2192 per share at its January 2025 meeting. The dividend is payable on April 15, 2025 to shareholders of record as of February 28, 2025. While the Company expects to maintain this dividend amount in 2025, future dividends will be dependent upon the Company's earnings, financial condition, capital demands and other factors and will be determined by the Company's Board. See Note 6 to the Company's financial statements included herein for restrictions on dividend payments.

## **Inflation**

The Company is affected by inflation, most notably by the continually increasing costs incurred to maintain and expand its service capacity. The cumulative effect of inflation results in significantly higher facility replacement costs which must be recovered from future cash flows. The ability of the Company to recover this increased investment in facilities is dependent upon future rate increases, which are subject to approval by the PPUC. The Company can provide no assurances that its rate increases will be approved by the PPUC; and, if approved, the Company cannot guarantee that these rate increases will be granted in a timely or sufficient manner to cover the investments and expenses for which the rate increase was sought.

## **Critical Accounting Estimates**

The methods, estimates, and judgments the Company used in applying its accounting policies have a significant impact on the results reported in its financial statements. The Company's accounting policies require management to make subjective judgments because of the need to make estimates of matters that are inherently uncertain. The Company's most critical accounting estimates include: revenue recognition and accounting for its pension plans.

## **Pension Accounting**

Accounting for defined benefit pension plans requires estimates of future compensation increases, mortality, the discount rate, and expected return on plan assets as well as other variables. These variables are reviewed annually with the Company's pension actuary. The Company used compensation increases of 2.5% to 3.0% in 2023 and 2024.

The Company adopted a new mortality table in 2019, the Pri-2012, using the white collar table for the administrative and general plan and the blue collar table for the union plan. In 2021, the Company adopted the MP-2021 mortality improvement scale, which slightly increased the life expectancy of pension plan participants, resulting in a slight increase to the pension benefit obligation, and ultimately, a decrease in the Company's funded status of the plans.

The Company selected its December 31, 2024 and 2023 discount rates based on the FTSE Pension Liability Index. This index uses spot rates for durations out to 30 years and matches them to expected disbursements from the plan over the long term. The Company believes this index most appropriately matches its pension obligations. The present values of the Company's future pension obligations were determined using a discount rate of 5.45% at December 31, 2024 and 4.75% at December 31, 2023.

Adopting a new mortality table that represents a change in life expectancy and choosing a different discount rate normally changes the amount of pension expense and the corresponding liability. In the case of the Company, these items change its liability, but do not have an impact on its pension expense. The PPUC, in a previous rate settlement, agreed to grant recovery of the Company's contribution to the pension plans in customer rates. As a result, under the accounting standards regarding rate-regulated activities, expense in excess of the Company's pension plan contribution can be deferred as a regulatory asset and expensed as contributions are made to the plans and are recovered in customer rates. Therefore, these changes affect regulatory assets rather than pension expense.

In 2023, the Company modified its investment policy statements. The Company's estimate of the expected return on plan assets is primarily based on the historic returns and projected future returns of the asset classes represented in its plans. The target allocation of pension assets is 70% to 90% fixed income securities, 10% to 30% equity securities, and 0% to 10% cash reserves. The Company used 5.00% as its expected rate of return in 2023 and 2024, a decrease from the 6.50% used in 2022 based on the modified investment policy statements. A decrease in the expected pension return would normally cause an increase in pension expense; however due to the aforementioned rate settlement, the Company's expense would continue to be equal to its contributions to the plans. The change would instead be recorded in regulatory assets.

Lower discount rates and underperformance of assets could cause future required contributions and expense to increase substantially. If this were to happen, the Company would have to consider changes to its pension plan benefits and possibly request additional recovery of expenses through increased rates charged to customers. See Note 11 to the Company's financial statements included herein for additional details regarding the pension plans.

#### **Off-Balance Sheet Transactions**

The Company does not use off-balance sheet transactions, arrangements or obligations that may have a material current or future effect on financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses. The Company does not use securitization of receivables or unconsolidated entities. For risk management purposes, the Company uses a derivative financial instrument, an interest rate swap agreement discussed in Note 7 to the financial statements included herein. The Company does not engage in trading or other risk management activities, does not use other derivative financial instruments for any purpose, has no material lease obligations, no guarantees and does not have material transactions involving related parties.

#### **Impact of Recent Accounting Pronouncements**

There are currently no recent accounting pronouncements that are expected to have a material impact to the Company's financial statements.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

#### **Item 8. Financial Statements.**

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of The York Water Company

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of The York Water Company (the "Company") as of December 31, 2024 and 2023, the related statements of income, common stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2024, and the related notes and financial statement schedule listed in Item 15(a)2 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2003.

Lancaster, Pennsylvania  
March 4, 2025

## THE YORK WATER COMPANY

### Balance Sheets (In thousands of dollars, except per share amounts)

	Dec. 31, 2024	Dec. 31, 2023
<b>ASSETS</b>		
UTILITY PLANT, at original cost	\$ 664,927	\$ 620,201
Plant acquisition adjustments	(9,838)	(9,384)
Accumulated depreciation	(124,082)	(117,113)
Net utility plant	531,007	493,704
 OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$536 in 2024 and \$501 in 2023	 1,534	 1,569
 CURRENT ASSETS:		
Cash and cash equivalents	1	1
Accounts receivable, net of reserves of \$1,610 in 2024 and \$1,005 in 2023	7,249	7,837
Unbilled revenues	3,604	3,484
Recoverable income taxes	587	332
Materials and supplies inventories, at cost	3,413	3,109
Prepaid expenses	1,597	821
Total current assets	16,451	15,584
 OTHER LONG-TERM ASSETS:		
Prepaid pension cost	25,009	23,380
Note receivable	255	255
Deferred regulatory assets	54,061	48,949
Other assets	5,156	4,764
Total other long-term assets	84,481	77,348
 <b>Total Assets</b>	 <b>\$ 633,473</b>	 <b>\$ 588,205</b>

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Balance Sheets (In thousands of dollars, except per share amounts)

	Dec. 31, 2024	Dec. 31, 2023
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>		
<b>COMMON STOCKHOLDERS' EQUITY:</b>		
Common stock, no par value, authorized 46,500,000 shares, issued and outstanding 14,386,282 shares in 2024 and 14,332,245 shares in 2023	\$ 138,089	\$ 136,174
Retained earnings	93,103	85,004
Total common stockholders' equity	231,192	221,178
PREFERRED STOCK, authorized 500,000 shares, no shares issued	-	-
LONG-TERM DEBT	205,561	180,007
COMMITMENTS	-	-
<b>CURRENT LIABILITIES:</b>		
Accounts payable	9,525	10,873
Dividends payable	2,892	2,754
Accrued compensation and benefits	1,806	1,629
Accrued interest	2,490	1,741
Deferred regulatory liabilities	864	644
Other accrued expenses	712	502
Total current liabilities	18,289	18,143
<b>DEFERRED CREDITS:</b>		
Customers' advances for construction	20,546	18,853
Deferred income taxes	61,157	55,235
Deferred employee benefits	3,526	3,847
Deferred regulatory liabilities	43,947	42,989
Other deferred credits	386	632
Total deferred credits	129,562	121,556
Contributions in aid of construction	48,869	47,321
<b>Total Stockholders' Equity and Liabilities</b>	<b>\$ 633,473</b>	<b>\$ 588,205</b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Income**  
**(In thousands of dollars, except per share amounts)**

	<b>Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
OPERATING REVENUES:	\$ 74,959	\$ 71,031
OPERATING EXPENSES:		
Operation and maintenance	19,670	17,362
Administrative and general	12,610	10,893
Depreciation and amortization	12,962	11,746
Taxes other than income taxes	1,676	1,499
	<u>46,918</u>	<u>41,500</u>
Operating income	<u>28,041</u>	<u>29,531</u>
OTHER INCOME (EXPENSES):		
Interest on debt	(8,904)	(7,047)
Allowance for funds used during construction	2,052	4,153
Other pension costs	524	(1,082)
Other income (expenses), net	(38)	(521)
	<u>(6,366)</u>	<u>(4,497)</u>
Income before income taxes	21,675	25,034
Income tax expense	1,350	1,277
<b>Net Income</b>	<b><u>\$ 20,325</u></b>	<b><u>\$ 23,757</u></b>
<b>Basic Earnings Per Share</b>	<b><u>\$ 1.42</u></b>	<b><u>\$ 1.66</u></b>
<b>Diluted Earnings Per Share</b>	<b><u>\$ 1.42</u></b>	<b><u>\$ 1.66</u></b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Common Stockholders' Equity**  
**(In thousands of dollars, except per share amounts)**  
**For the Years Ended December 31, 2024 and 2023**

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, December 31, 2022	14,285,584	\$ 134,220	\$ 72,963	\$ 207,183
Net income	-	-	23,757	23,757
Cash dividends declared, \$0.8189 per share	-	-	(11,716)	(11,716)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	41,702	1,654	-	1,654
Stock-based compensation	4,959	300	-	300
Balance, December 31, 2023	<u>14,332,245</u>	<u>136,174</u>	<u>85,004</u>	<u>221,178</u>
Net income	-	-	20,325	20,325
Cash dividends declared, \$0.8516 per share	-	-	(12,226)	(12,226)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	48,163	1,669	-	1,669
Stock-based compensation	5,874	246	-	246
Balance, December 31, 2024	<u><u>14,386,282</u></u>	<u><u>\$ 138,089</u></u>	<u><u>\$ 93,103</u></u>	<u><u>\$ 231,192</u></u>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Cash Flows**  
**(In thousands of dollars, except per share amounts)**

	<b>Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 20,325	\$ 23,757
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,962	11,746
Stock-based compensation	246	300
Increase in deferred income taxes	476	530
Other	353	(1,114)
Changes in assets and liabilities:		
Increase in accounts receivable and unbilled revenues	(604)	(1,868)
(Increase) decrease in recoverable income taxes	(255)	550
Increase in materials and supplies inventories, prepaid expenses, prepaid pension cost, deferred regulatory and other assets	(8,824)	(9,512)
Increase in accounts payable, accrued compensation and benefits, other accrued expenses, deferred employee benefits, deferred regulatory liabilities, and other deferred credits	5,131	6,743
Increase in accrued interest	749	776
Net cash provided by operating activities	<u>30,559</u>	<u>31,908</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Utility plant additions, including debt portion of allowance for funds used during construction of \$1,147 in 2024 and \$2,321 in 2023	(48,226)	(64,640)
Acquisitions of water and wastewater systems	<u>(783)</u>	<u>(625)</u>
Net cash used in investing activities	<u>(49,009)</u>	<u>(65,265)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Customers' advances for construction and contributions in aid of construction	3,411	5,064
Repayments of customer advances	(791)	(505)
Proceeds of long-term debt issues	86,748	104,681
Debt issuance costs	(167)	(171)
Repayments of long-term debt	(61,213)	(64,148)
Changes in cash overdraft position	881	(1,628)
Issuance of common stock	1,669	1,654
Dividends paid	<u>(12,088)</u>	<u>(11,590)</u>
Net cash provided by financing activities	<u>18,450</u>	<u>33,357</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	1	1
Cash and cash equivalents at end of period	<u>\$ 1</u>	<u>\$ 1</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 6,892	\$ 3,727
Income taxes	943	-

**Supplemental disclosure of non-cash investing and financing activities:**

Accounts payable includes \$4,138 in 2024 and \$6,433 in 2023 for the construction of utility plant.

Contributions in aid of construction includes \$621 in 2024 recorded as part of the MESCO, Inc. and York Haven Borough acquisitions and \$4,403 in 2023 recorded as part of the Conewago Industrial Park acquisition.

The accompanying notes are an integral part of these statements.

## Notes to Financial Statements

(In thousands of dollars, except per share amounts)

### 1. Significant Accounting Policies

The primary business of The York Water Company, or the Company, is to impound, purify and distribute water. The Company also owns and operates three wastewater collection systems and eleven wastewater collection and treatment systems. The Company operates within its franchised territory located in four counties within south-central Pennsylvania and is subject to regulation by the Pennsylvania Public Utility Commission, or PPUC.

The following summarizes the significant accounting policies employed by The York Water Company.

#### Utility Plant and Depreciation

The cost of additions includes contracted cost, direct labor and fringe benefits, materials, overhead and, for certain utility plant, allowance for funds used during construction. In accordance with regulatory accounting requirements, water and wastewater systems acquired are recorded at estimated original cost of utility plant when first devoted to utility service and the applicable depreciation is recorded to accumulated depreciation. The difference between the estimated original cost less applicable accumulated depreciation, and the purchase price and acquisition costs, is recorded as an acquisition adjustment within utility plant as permitted by the PPUC. At December 31, 2024 and 2023, utility plant includes a net credit acquisition adjustment of \$9,838 and \$9,384, respectively. For those amounts approved by the PPUC, the net acquisition adjustment is being amortized over the remaining life of the respective assets. Certain amounts are still awaiting approval from the PPUC before amortization will commence. Amortization amounted to \$79 and \$69 for the years ended December 31, 2024 and 2023, respectively.

Upon normal retirement of depreciable property, the estimated or actual cost of the asset is credited to the utility plant account, and such amounts, together with the cost of removal less salvage value, are charged to the reserve for depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is reported. Gains or losses from abnormal retirements are reflected in income currently.

The straight-line remaining life method is used to compute depreciation on utility plant cost, exclusive of land and land rights. Annual provisions for depreciation of transportation and mechanical equipment included in utility plant are computed on a straight-line basis over the estimated service lives. Such provisions are charged to clearing accounts and apportioned therefrom to operating expenses and other accounts in accordance with the Uniform System of Accounts as prescribed by the PPUC.

The Company charges to maintenance expense the cost of repairs and replacements and renewals of minor items of property. Maintenance of transportation equipment is charged to clearing accounts and apportioned from there in a manner similar to depreciation. The cost of replacements, renewals, and betterments of units of property is capitalized to the utility plant accounts.

The following remaining lives are used for financial reporting purposes:

<u>Utility Plant Asset Category</u>	<u>December 31</u>		<u>Approximate range of remaining lives</u>
	<u>2024</u>	<u>2023</u>	
Mains and accessories	\$308,020	\$286,993	14 – 86 years
Services, meters, and hydrants	106,200	98,387	14 – 47 years
Operations structures, reservoirs, and water tanks	143,821	89,207	9 – 54 years
Pumping and treatment equipment	51,906	44,719	6 – 34 years
Office, transportation, and operating equipment	20,519	19,292	3 – 19 years
Land and other non-depreciable assets	5,833	5,685	-
Utility plant in service	636,299	544,283	
Construction work in progress	28,628	75,918	-
Total Utility Plant	<u>\$664,927</u>	<u>\$620,201</u>	

The effective rate of depreciation was 2.50% in 2024 and 2.55% in 2023, on average utility plant, net of customers' advances and contributions. Larger depreciation provisions resulting from allowable accelerated methods are deducted for tax purposes.

### **Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents except for those instruments earmarked to fund construction expenditures or repay long-term debt.

The Company periodically maintains cash balances in major financial institutions in excess of the federally insured limit by the Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Accounts Receivable**

Accounts receivable are stated at outstanding balances, less a reserve for doubtful accounts. The reserve for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the reserve and subsequent recoveries, if any, are credited to the reserve. The reserve for doubtful accounts is the best estimate of the amount of probable credit losses in the existing accounts receivable and is determined based on lifetime expected credit losses and the aging of account balances. Management's periodic evaluation of the adequacy of the reserve is based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer's ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. This evaluation is inherently subjective. Unpaid balances remaining after the stated payment terms are considered past due.

### **Materials and Supplies Inventories**

Materials and supplies inventories are stated at cost. Costs are determined using the average cost method.

### **Note Receivable**

Note receivable is recorded at cost and represents amounts due from a municipality for construction of water mains in their municipality. Management, considering current information and events regarding the borrowers' ability to repay their obligations, considers a note to be impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the note agreement. When a note is considered to be impaired, the carrying value of the note is written down. The amount of the impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate.

### **Regulatory Assets and Liabilities**

The Company is subject to the provisions of generally accepted accounting principles regarding rate-regulated entities. The accounting standards provide for the recognition of regulatory assets and liabilities as allowed by regulators for costs or credits that are reflected in current customer rates or are considered probable of being included in future rates. The regulatory assets or liabilities are then relieved as the cost or credit is reflected in rates. Regulatory assets represent costs that are expected to be fully recovered from customers in future rates while regulatory liabilities represent amounts that are expected to be refunded to customers in future rates. These deferred costs have been excluded from the Company's rate base and, therefore, no return is being earned on the unamortized balances.

Regulatory assets and liabilities are comprised of the following:

	December 31		Remaining Recovery Periods
	2024	2023	
<u>Assets</u>			
Income taxes	\$40,880	\$35,885	Various
Unrealized swap losses	382	632	1 – 5 years
Utility plant retirement costs	10,221	9,592	5 years
Customer-owned lead service line replacements	1,173	1,257	Various
Income taxes on customers' advances for construction and contributions in aid of construction	1,176	1,250	Various
Service life study expenses	14	19	3 years
Rate case filing expenses	215	314	2 years
	<u>\$54,061</u>	<u>\$48,949</u>	
<u>Liabilities</u>			
Excess accumulated deferred income taxes on accelerated depreciation	\$13,090	\$13,286	Various
Postretirement benefits	22,825	21,196	Not yet known
Income taxes	6,520	6,516	Various
IRS TPR catch-up deduction	2,376	2,635	9 years
	<u>\$44,811</u>	<u>\$43,633</u>	

The regulatory asset for income taxes includes (a) deferred state income taxes related primarily to differences between book and tax depreciation expense, (b) deferred income taxes related to the differences that arise between specific asset improvement costs capitalized for book purposes and deducted as a repair expense for tax purposes, and (c) deferred income taxes associated with the gross-up of revenues related to the differences. These assets are recognized for ratemaking purposes on a cash or flow-through basis and will be recovered in rates as they reverse.

The Company uses regulatory accounting treatment to defer the mark-to-market unrealized gains and losses on its interest rate swap to reflect that the gain or loss is included in the ratemaking formula when the transaction actually settles. The value of the swap as of the balance sheet date is recorded as part of other deferred credits. Realized gains or losses on the swap will be recorded as interest expense in the statement of income over its remaining term of five years.

Utility plant retirement costs represent costs already incurred for the removal of assets, which are expected to be recovered over a five-year period in rates, through depreciation expense.

The Company was granted approval by the PPUC to modify its tariff to replace lead customer-owned service lines that were discovered when the Company replaced its lead service lines, and to include the cost of the annual replacement of up to 400 lead customer-owned service lines whenever they are discovered, regardless of the material used for the company-owned service line, over nine years. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost and record the costs as a regulatory asset to be recovered in future base rates to customers. The recovery period was established in the most recent rate order at four years beginning March 1, 2023. The recovery period for the customer-owned lead service line replacements completed subsequent to the most recent rate order will begin after the next rate order.

Service life study expenses are deferred and amortized over their remaining life of three years. Rate case filing expenses are deferred and amortized over their remaining life of two years.

Pursuant to the Tax Cuts and Jobs Act of 2017, or 2017 Tax Act, customers' advances for construction and contributions in aid of construction are considered taxable income. The Company's tariff allows the Company to record these income taxes for inclusion in rate base. This asset is recognized for ratemaking purposes on a cash or flow-through basis and will be recovered in rates as it reverses. In November 2021, the Infrastructure Investment and Jobs Act of 2021, or 2021 Infrastructure Act, repealed the tax treatment of customers' advances for construction and contributions in aid of construction made after December 31, 2020.

Under normalization rules applicable to public utility property included in the 2017 Tax Act, the excess accumulated deferred income taxes on accelerated depreciation from lowering of the enacted federal statutory corporate tax rate is recorded as a regulatory liability. The benefit will be given back to customers in rates over the remaining regulatory life of the property.

The regulatory liability for income taxes includes deferred taxes related to excess accumulated deferred income taxes on accelerated depreciation, other postretirement benefits, customers' advances for construction and contributions in aid of construction, and bad debts, as well as deferred investment tax credits. These liabilities will be given back to customers in rates, as tax deductions occur over the next 1 to 50 years.

The regulatory liability for the Internal Revenue Service, or IRS, tangible property regulations, or TPR, catch-up deduction represents the tax benefits realized on the Company's 2014 income tax return for qualifying capital expenditures made prior to 2014. The period over which it will be given back to customers in rates was established in a rate order at 15 years beginning March 1, 2019.

Postretirement benefits include the difference between contributions and deferred pension expense and the overfunded status of the pension plans. The overfunded status represents the difference between the projected benefit obligation and the fair market value of the assets. This liability will change in future years based on the amount of contributions made and market returns. The liability will be given back to customers in rates over some period determined by the PPUC in a future rate filing.

#### **Other Assets**

Other assets consist mainly of the cash value of life insurance policies held as an investment by the Company for reimbursement of costs and benefits associated with its supplemental retirement and deferred compensation programs.

#### **Deferred Debt Expense**

Deferred debt expense is amortized on a straight-line basis over the term of the related debt and is presented on the balance sheet as a direct reduction from long-term debt.

#### **Customers' Advances for Construction**

Customer advances are cash payments from developers, municipalities, customers, or builders for construction of utility plant, and are refundable upon completion of construction, as operating revenues are earned. If the Company loans funds for construction to the customer, the refund amount is credited to the note receivable rather than paid out in cash. After all refunds to which the customer is entitled are made, any remaining balance is transferred to contributions in aid of construction.

#### **Contributions in Aid of Construction**

Contributions in Aid of Construction is composed of (i) direct, non-refundable contributions from developers, customers, or builders for construction of water infrastructure and (ii) customer advances that have become non-refundable. Contributions in aid of construction are deducted from the Company's rate base, and therefore, no return is earned on property financed with contributions. The PPUC requires that contributions received remain on the Company's balance sheets indefinitely as a long-term liability.

### **Interest Rate Swap Agreement**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. The Company utilizes an interest rate swap agreement to effectively convert its variable-rate debt to a fixed rate. Interest rate swaps are contracts in which a series of interest rate cash flows are exchanged over a prescribed period. The notional amount on which the interest payments are based is not exchanged. The Company has designated the interest rate swap agreement as a cash flow hedge, classified as a financial derivative used for non-trading activities.

The accounting standards regarding accounting for derivatives and hedging activities require companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheets. In accordance with the standards, the interest rate swap is recorded on the balance sheets in other deferred credits at fair value.

The Company uses regulatory accounting treatment rather than hedge accounting to defer the unrealized gains and losses on its interest rate swap. These unrealized gains and losses are recorded as a regulatory asset. Based on current ratemaking treatment, the Company expects the gains and losses to be recognized in rates and in interest expense as the swap settlements occur. Swap settlements are recorded in the income statement with the hedged item as interest expense. Swap settlements resulted in the reclassification from regulatory assets to interest expense of \$(6) in 2024 and \$18 in 2023. The overall swap result was a gain of \$244 in 2024 and \$24 in 2023. During the year ending December 31, 2025, the Company expects to reclassify \$81 before tax from regulatory assets to interest expense.

The interest rate swap will expire on October 1, 2029. Other than the interest rate swap, the Company has no other derivative instruments.

### **Stock-Based Compensation**

The Company records compensation expense in the financial statements for stock-based awards based on the grant date fair value of those awards. Stock-based compensation expense is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term. Forfeitures are recognized as they occur.

### **Income Taxes**

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes.

Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. To the extent such income taxes increase or decrease future rates, an offsetting regulatory asset or liability has been recorded.

Investment tax credits have been deferred and are being amortized to income over the average estimated service lives of the related assets. As of December 31, 2024 and 2023, deferred investment tax credits amounted to \$356 and \$392, respectively.

The Company filed for a change in accounting method under the IRS TPR effective in 2014. Under the change in accounting method, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. The Company was permitted to make this deduction for prior years (the “catch-up deduction”) and each year going forward, beginning with 2014 (the “ongoing deduction”). After receiving approval from the PPUC in a rate order, the Company began to recognize the catch-up deduction, recorded as a regulatory liability, over 15 years beginning March 1, 2019. The ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. The catch-up deduction resulted in a decrease in current income taxes payable and an increase to regulatory liabilities. Both the ongoing and catch-up deductions resulted in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions.

The 2017 Tax Act, among other things, reduces the federal statutory corporate tax rate for tax years beginning in 2018 from 34% to 21%, treats customers' advances for construction and contributions in aid of construction as taxable income, eliminates certain deductions, and eliminates bonus depreciation on qualified water and wastewater property. This resulted in the remeasurement of the federal portion of the Company's deferred taxes as of December 31, 2017 to the 21% rate. The effect was recognized in income for the year ended December 31, 2017 for all deferred tax assets and liabilities except accelerated depreciation. Under normalization rules applicable to public utility property included in the 2017 Tax Act, the excess accumulated deferred income taxes on accelerated depreciation is recorded as a regulatory liability. The regulatory liability is a temporary difference, so a deferred tax asset is recorded including the gross-up of revenue necessary to return, in rates, the effect of the temporary difference. In November 2021, the 2021 Infrastructure Act repealed the tax treatment of customers' advances for construction and contributions in aid of construction made after December 31, 2020.

### **Allowance for Funds Used During Construction**

Allowance for funds used during construction (AFUDC) represents the estimated cost of funds used for construction purposes during the period of construction. These costs are reflected as non-cash income during the construction period and as an addition to the cost of plant constructed. AFUDC includes the net cost of borrowed funds and a rate of return on other funds. The PPUC approved rate of 10.04% was applied for 2024 and 2023. AFUDC is recovered through water and wastewater rates as utility plant is depreciated.

### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Acquisitions**

On October 12, 2023, the Company completed the acquisition of the water assets and wastewater collection and treatment assets of Conewago Industrial Park Water and Sewer Company in Lancaster County, Pennsylvania. The Company began operating the existing water assets and wastewater collection and treatment assets on October 16, 2023. The acquisition resulted in the addition of approximately 30 commercial and industrial water and wastewater customers with purchase price and acquisition costs of approximately \$590, which is less than the depreciated original cost of the assets, and contributions in aid of construction of \$4,403. The Company recorded a negative acquisition adjustment of \$73 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On January 31, 2024, the Company completed the acquisition of the wastewater collection and treatment assets of MESCO, Inc. in Monaghan Township, York County, Pennsylvania. The Company began operating the existing wastewater collection and treatment assets on February 1, 2024. The acquisition resulted in the addition of approximately 180 wastewater customers with purchase price and acquisition costs of approximately \$44, which is less than the depreciated original cost of the assets and contributions in aid of construction of \$63. The Company recorded a negative acquisition adjustment of \$110 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On February 21, 2024, the Company completed the acquisition of the water assets of Longstown Mobile Estates in Windsor Township, York County, Pennsylvania. The Company began operating the existing water system through an interconnection with its current distribution system on February 26, 2024. The acquisition resulted in the addition of approximately 90 water customers with purchase price and acquisition costs of approximately \$8, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$2 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. These customers were previously served by the Company through a single customer connection to the mobile home park. This acquisition is immaterial to Company results.

On September 26, 2024, the Company completed the acquisition of the water assets of Houston Run Community Water System, LLC in Salisbury Township, Lancaster County, Pennsylvania. The Company began operating the existing water assets on September 30, 2024. The acquisition resulted in the addition of approximately 15 water customers with purchase price and acquisition costs of approximately \$228, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$368 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On December 5, 2024, the Company completed the acquisition of the wastewater collection and treatment assets of York Haven Sewer Authority in York Haven Borough, York County, Pennsylvania. The Company began operating the existing wastewater collection and treatment assets on December 9, 2024. The acquisition resulted in the addition of approximately 230 wastewater customers with purchase price and acquisition costs of approximately \$409, which is more than the depreciated original cost of the assets, and contributions in aid of construction of \$558. The Company recorded an acquisition adjustment of \$128 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On December 12, 2024, the Company completed the acquisition of the water assets of Pine Run Retirement Community in Hamilton Township, Adams County, Pennsylvania. The Company began operating the existing water assets through an interconnection with its current distribution system on December 16, 2024. The acquisition resulted in the addition of approximately 100 water customers with purchase price and acquisition costs of approximately \$55, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$157 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On December 12, 2024, the Company completed the acquisition of the water assets of the Brookhaven Mobile Home Park of ATG Properties, LLC in Hellam Township, York County, Pennsylvania. The Company began operating the existing water assets through an interconnection with its current distribution system on December 16, 2024. The acquisition resulted in the addition of approximately 150 water customers with purchase price and acquisition costs of approximately \$39, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$24 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

### 3. Accounts Receivable and Contract Assets

Accounts receivable and contract assets are summarized in the following table:

	<u>As of Dec. 31, 2024</u>	<u>As of Dec. 31, 2023</u>	<u>Change</u>
Accounts receivable – customers	\$8,392	\$8,250	\$142
Other receivables	467	592	(125)
	<u>8,859</u>	<u>8,842</u>	17
Less: allowance for doubtful accounts	<u>(1,610)</u>	<u>(1,005)</u>	<u>(605)</u>
Accounts receivable, net	<u>\$7,249</u>	<u>\$7,837</u>	<u>\$(588)</u>
Unbilled revenue	<u>\$3,604</u>	<u>\$3,484</u>	<u>\$120</u>

Differences in timing of revenue recognition, billings, and cash collections result in receivables, which are contract assets. Generally, billing occurs subsequent to revenue recognition, resulting in unbilled revenue on the balance sheet, which is also a contract asset. The Company does not receive advances or deposits from customers before revenue is recognized so no contract liabilities are reported. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately on the balance sheet. The changes in accounts receivable – customers and in unbilled revenue were primarily due to normal timing difference between performance and the customer’s payments.

#### 4. Note Receivable and Customers' Advances for Construction

The Company entered into an agreement with a municipality to extend water service into a previously formed water district. The Company loaned funds to the municipality to cover the costs related to the project. The municipality concurrently advanced these funds back to the Company in the form of customers' advances for construction. The municipality is required by enacted ordinance to charge application fees and water revenue surcharges (fees) to customers connected to the system, which are remitted to the Company. The note principal and the related customer advance that could be used to settle the note receivable are reduced periodically as operating revenues are earned by the Company from customers connected to the system and refunds of the advance are made. There is no due date for the notes or expiration date for the advance.

The Company recorded interest income of \$158 in 2024 and \$192 in 2023. The interest rate on the note outstanding is 7.5%.

Included in the accompanying balance sheets at December 31, 2024 and 2023 were the following amounts related to this project.

	<u>2024</u>	<u>2023</u>
Note receivable, including interest	\$255	\$255
Customers' advances for construction	172	205

The Company has other customers' advances for construction totaling \$20,374 and \$18,648 at December 31, 2024 and 2023, respectively.

#### 5. Common Stock and Earnings Per Share

Net income of \$20,325 and \$23,757 for the years ended December 31, 2024 and 2023, respectively, is used to calculate both basic and diluted earnings per share. Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding plus potentially dilutive shares. The dilutive effect of employee stock-based compensation is included in the computation of diluted earnings per share. The dilutive effect of stock-based compensation is calculated using the treasury stock method and expected proceeds upon exercise or issuance of the stock-based compensation.

The following table summarizes the shares used in computing basic and diluted earnings per share:

	<u>2024</u>	<u>2023</u>
Weighted average common shares, basic	14,346,552	14,294,910
Effect of dilutive securities:		
Employee stock-based compensation	209	803
Weighted average common shares, diluted	<u>14,346,761</u>	<u>14,295,713</u>

Under the employee stock purchase plan, all full-time employees who have been employed at least ninety consecutive days may purchase shares of the Company's common stock limited to 10% of gross compensation. The purchase price is 95% of the fair market value (as defined). Shares issued during 2024 and 2023 were 5,137 and 4,227, respectively. As of December 31, 2024, 40,279 authorized shares remain unissued under the plan.

The Company has a Dividend Reinvestment and Direct Stock Purchase and Sale Plan (“the Plan”), which is available to both current shareholders and the general public. On November 7, 2022, the Company filed a Registration Statement on Form S-3 with the Securities and Exchange Commission (SEC) to rollover the unissued 365,975 shares authorized under the 2019 Form S-3, for issuance under the new Prospectus for the Plan. Under the optional dividend reinvestment portion of the Plan, holders of the Company’s common stock may purchase additional shares instead of receiving cash dividends. The purchase price is 95% of the fair market value (as defined). Under the direct stock purchase portion of the Plan, purchases are made monthly at 100% of the stock’s fair market value, as defined in the new Prospectus. The Registration Statement was declared effective by the SEC on November 17, 2022. Shares issued during 2024 and 2023 were 43,026 and 37,475, respectively. As of December 31, 2024, 277,682 authorized shares remain unissued under the Plan.

On March 11, 2013, the Board of Directors, or the Board, authorized a share repurchase program granting the Company authority to repurchase up to 1,200,000 shares of the Company’s common stock from time to time. The stock repurchase program has no specific end date and the Company may repurchase shares in the open market or through privately negotiated transactions. The Company may suspend or discontinue the repurchase program at any time. During both 2024 and 2023, the Company did not repurchase or retire any shares. As of December 31, 2024, 618,004 shares remain available for repurchase.

## 6. Long-Term Debt and Short-Term Borrowings

Long-term debt as of December 31, 2024 and 2023 is summarized in the following table:

	<u>2024</u>	<u>2023</u>
Variable Rate Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series 2008A, due 2029	\$12,000	\$12,000
3.00% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series A of 2019, due 2036	10,500	10,500
3.10 % Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series B of 2019, due 2038	14,870	14,870
3.23% Senior Notes, due 2040	15,000	15,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 - 2045	10,000	10,000
4.54% Senior Notes, due 2049	20,000	20,000
3.24% Senior Notes, due 2050	30,000	30,000
5.50% Senior Notes, due 2053	40,000	40,000
5.67% Senior Notes, due 2054	40,000	-
Committed Line of Credit, due September 2026	<u>15,808</u>	<u>30,273</u>
Total long-term debt	208,178	182,643
Less discount on issuance of long-term debt	(136)	(147)
Less unamortized debt issuance costs	<u>(2,481)</u>	<u>(2,489)</u>
Long-term portion	<u>\$ 205,561</u>	<u>\$ 180,007</u>

Payments due by year as of December 31, 2024:

<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
\$-	\$28,138	\$340	\$355	\$370

Payments due in 2026 include payback of the committed line of credit. The committed line of credit is reviewed annually, and upon favorable outcome, would likely be extended for another year. Payments due in 2026 also include potential payments of \$12,000 on the variable rate bonds (due 2029) which would only be payable if all bonds were tendered and could not be remarketed, or in the event the Company was unable to, or chose not to, renew the letter of credit backing the bonds. There is currently no such indication of this happening.

#### **Fixed Rate Long-Term Debt**

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

On February 24, 2023, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.50% per annum payable semiannually and mature on February 24, 2053. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,829. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

#### **Variable Rate Long-Term Debt**

On May 7, 2008, the Pennsylvania Economic Development Financing Authority, or PEDFA, issued \$12,000 aggregate principal amount of PEDFA Exempt Facilities Revenue Refunding Bonds, Series A of 2008 (the "Series A Bonds") for the Company's benefit pursuant to the terms of a trust indenture, dated as of May 1, 2008, between the PEDFA and Manufacturers and Traders Trust Company, as trustee. The PEDFA then loaned the proceeds of the offering of the Series A Bonds to the Company pursuant to a loan agreement, dated as of May 1, 2008, between the Company and the PEDFA. The loan agreement provides for a \$12,000 loan with a maturity date of October 1, 2029. Amounts outstanding under the loan agreement are the Company's direct general obligations. The proceeds of the loan were used to redeem the PEDFA Exempt Facilities Revenue Bonds, Series B of 2004 (the "2004 Series B Bonds"). The 2004 Series B Bonds were redeemed because the bonds were tendered and could not be remarketed due to the downgrade of the bond insurer's credit rating.

Borrowings under the loan agreement bear interest at a variable rate as determined by PNC Capital Markets, as remarketing agent, on a periodic basis elected by the Company, which has currently elected that the interest rate be determined on a weekly basis. The remarketing agent determines the interest rate based on the current market conditions in order to determine the lowest interest rate which would cause the Series A Bonds to have a market value equal to the principal amount thereof plus accrued interest thereon. The variable interest rate under the loan agreement averaged 3.41% in 2024 and 3.38% in 2023. As of December 31, 2024 and 2023, the interest rate was 3.64% and 3.89%, respectively.

The holders of the \$12,000 Series A Bonds may tender their bonds at any time. When the bonds are tendered, they are subject to an annual remarketing agreement, pursuant to which a remarketing agent attempts to remarket the tendered bonds according to the terms of the indenture. In order to keep variable interest rates down and to enhance the marketability of the Series A Bonds, the Company entered into a Reimbursement, Credit and Security Agreement with PNC Bank, National Association ("the Bank") dated as of May 1, 2008. This agreement provides for a direct pay letter of credit issued by the Bank to the trustee for the Series A Bonds. The Bank is responsible for providing the trustee with funds for the timely payment of the principal and interest on the Series A Bonds and for the purchase price of the Series A Bonds that have been tendered or deemed tendered for purchase and have not been remarketed. The Company's responsibility is to reimburse the Bank the same day as regular interest payments are made, and within fourteen months for the purchase price of tendered bonds that have not been remarketed. The reimbursement period for the principal is immediate at maturity, upon default by the Company, or if the Bank does not renew the Letter of Credit. The current expiration date of the Letter of Credit is June 30, 2026. It is reviewed annually for a potential extension of the expiration date.

The Company may elect to have the Series A Bonds redeemed, in whole or in part, on any date that interest is payable for a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. The Series A Bonds are also subject to mandatory redemption for the same redemption price in the event that the IRS determines that the interest payable on the Series A Bonds is includable in gross income of the holders of the bonds for federal tax purposes.

### **Interest Rate Swap Agreement**

In connection with the issuance of the PEDFA 2004 Series B Bonds, the Company entered into an interest rate swap agreement with a counterparty, in the notional principal amount of \$12,000. The Company elected to retain the swap agreement for the 2008 Series A Bonds. Interest rate swap agreements derive their value from underlying interest rates. These transactions involve both credit and market risk. The notional amounts are amounts on which calculations, payments, and the value of the derivative are based. Notional amounts do not represent direct credit exposure. Direct credit exposure is limited to the net difference between the calculated amounts to be received and paid, if any. Such difference, which represents the fair value of the swap, is reflected on the Company's balance sheets. See Note 7 for additional information regarding the fair value of the swap.

The interest rate swap will terminate on the maturity date of the 2008 Series A Bonds (which is the same date as the maturity date of the loan under the loan agreement), unless sooner terminated pursuant to its terms. In the event the interest rate swap terminates prior to the maturity date of the 2008 Series A Bonds, either the Company or the swap counterparty may be required to make a termination payment to the other based on market conditions at such time. The Company is exposed to credit-related losses in the event of nonperformance by the counterparty. The Company controls the credit risk of its financial contracts through credit approvals, limits and monitoring procedures, and does not expect the counterparty to default on its obligations. Notwithstanding the terms of the swap agreement, the Company is ultimately obligated for all amounts due and payable under the loan agreement.

The interest rate swap agreement contains provisions that require the Company to maintain a credit rating of at least BBB- with Standard & Poor's. On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. If the Company's rating were to fall below this rating, it would be in violation of these provisions, and the counterparty to the derivative could request immediate payment if the derivative was in a liability position. The Company's interest rate swap was in a liability position as of December 31, 2024. If a violation was triggered on December 31, 2024, the Company would have been required to pay the counterparty approximately \$394.

The Company's interest rate swap agreement provides that it pays the counterparty a fixed interest rate of 3.16% on the notional amount of \$12,000. In exchange, the counterparty paid the Company a floating interest rate (based on 59% of the U.S. Dollar one-month LIBOR rate) on the notional amount. The variable interest rate changed to 59% of the daily simple Secured Overnight Financing Rate, or SOFR, plus a spread adjustment of 11.448 basis points upon the discontinuance of LIBOR in 2023. The floating interest rate paid to the Company is intended, over the term of the swap, to approximate the variable interest rate on the loan agreement and the interest rate paid to bondholders, thereby managing its exposure to fluctuations in prevailing interest rates. The Company's net payment rate on the swap averaged 0.05% in 2024 and 0.14% in 2023.

As of December 31, 2024, there was a spread of 90 basis points between the variable rate paid to bondholders and the variable rate received from the swap counterparty, which equated to an overall effective rate of 4.06% (including variable interest and swap payments). As of December 31, 2023, there was a spread of 68 basis points which equated to an overall effective rate of 3.84% (including variable interest and swap payments).

### Line of Credit Borrowings

As of December 31, 2024, the Company maintained a \$50,000 unsecured, committed line of credit at an interest rate of SOFR plus 1.17% with an unused commitment fee and an interest rate floor. In the third quarter of 2024, the Company renewed its committed line of credit and extended the maturity date to September 2026. No other terms or conditions of the line of credit agreement were modified. On January 1, 2023, the interest rate changed from LIBOR plus 1.05% to a successor rate of SOFR plus 1.17% in advance of the discontinuation of LIBOR in 2023. Average borrowings outstanding under the lines of credit were \$10,087 in 2024 and \$16,316 in 2023. The average cost of borrowings under the lines of credit was 5.23% during 2024 and 5.36% during 2023. The weighted average interest rate on the line of credit borrowings was 5.72% as of December 31, 2024 and 6.51% as of December 31, 2023.

The Company utilizes a cash management account that is directly connected to its line of credit. Excess cash generated automatically pays down outstanding borrowings under the line of credit. If there are no outstanding borrowings, the cash is used as an earnings credit to reduce banking fees. Likewise, if additional funds are needed beyond what is generated internally, funds are automatically borrowed under the line of credit. The Company borrowed \$15,808 and \$30,273 under its line of credit and incurred a cash overdraft of \$2,428 and \$1,547, which was recorded in accounts payable, as of December 31, 2024 and 2023, respectively.

### Debt Covenants and Restrictions

The terms of the debt agreements carry certain covenants and limit in some cases the Company's ability to borrow additional funds, to prepay its borrowings and include certain restrictions with respect to declaration and payment of cash dividends and the Company's acquisition of its stock. Under the terms of the most restrictive agreements, the Company cannot borrow in excess of 60% of its utility plant, and cumulative payments for dividends and acquisition of stock since December 31, 1982 may not exceed \$1,500 plus net income since that date. As of December 31, 2024, none of the earnings retained in the business are restricted under these provisions. The Company's debt is unsecured.

The Company's line of credit requires it to maintain a minimum equity to total capitalization ratio (defined as the sum of equity plus funded debt) and a minimum interest coverage ratio (defined as net income plus interest expense plus income tax expense divided by interest expense). As of December 31, 2024, the Company was in compliance with these covenants.

## 7. Fair Value of Financial Instruments

The accounting standards regarding fair value measurements establish a fair value hierarchy which indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

The Company has recorded its interest rate swap liability at fair value in accordance with the standards. The liability is recorded under the caption "Other deferred credits" on the balance sheets. The table below illustrates the fair value of the interest rate swap as of the end of the reporting period.

<u>Description</u>	<u>December 31, 2024</u>	<u>Fair Value Measurements at Reporting Date Using Significant Other Observable Inputs (Level 2)</u>
Interest Rate Swap	\$386	\$386

Fair values are measured as the present value of all expected future cash flows based on the swap yield curve as of the date of the valuation. These inputs to this calculation are deemed to be Level 2 inputs. The balance sheet carrying value reflects the Company's credit quality as of December 31, 2024. The rate used in discounting all prospective cash flows anticipated to be made under this swap reflects a representation of the yield to maturity for 30-year debt on utilities rated A- as of December 31, 2024. The use of the Company's credit quality resulted in a reduction in the swap liability of \$8 as of December 31, 2024. The fair value of the swap reflecting the Company's credit quality as of December 31, 2023 is shown in the table below.

<u>Description</u>	<u>December 31, 2023</u>	<b>Fair Value Measurements at Reporting Date Using <u>Significant Other Observable Inputs (Level 2)</u></b>
Interest Rate Swap	\$632	\$632

The carrying amount of current assets and liabilities that are considered financial instruments approximates fair value as of the dates presented. The Company's total long-term debt, with a carrying value of \$208,178 at December 31, 2024, and \$182,643 at December 31, 2023, had an estimated fair value of approximately \$189,000 and \$175,000, respectively. The estimated fair value of debt was calculated using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration and risk profile. These inputs to this calculation are deemed to be Level 2 inputs. The Company recognized its credit rating in determining the yield curve and did not factor in third party credit enhancements including the letter of credit on the 2008 PEDFA Series A issue.

Customers' advances for construction and note receivable have carrying values at December 31, 2024 of \$20,546 and \$255, respectively. At December 31, 2023, customers' advances for construction and note receivable had carrying values of \$18,853 and \$255, respectively. The relative fair values of these amounts cannot be accurately estimated since the timing of future payment streams is dependent upon several factors, including new customer connections, customer consumption levels and future rate increases.

## 8. Commitments

Based on its capital budget, the Company anticipates construction and acquisition expenditures for 2025 and 2026 of approximately \$46,000 and \$48,500, respectively, exclusive of any acquisitions not yet approved. The Company plans to finance ongoing capital expenditures with internally-generated funds, borrowings against the Company's line of credit, proceeds from the issuance of common stock under its dividend reinvestment and direct stock purchase and sale plan and ESPP, potential common stock or debt issues and customer advances and contributions.

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,961 and \$1,762 through December 31, 2024 and 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

As of December 31, 2024, approximately 31% of the Company's full-time employees are under union contract. The current contract was ratified in June 2023 and expires on April 30, 2026.

The Company is involved in certain legal and administrative proceedings before various courts and governmental agencies concerning utility service and other matters. The Company expects that the ultimate disposition of these proceedings will not have a material effect on the Company's financial position, results of operations and cash flows.

## 9. Revenue

The following table shows the Company's revenues disaggregated by service and customer type.

	<u>2024</u>	<u>2023</u>
Water utility service:		
Residential	\$41,496	\$40,031
Commercial and industrial	20,484	19,279
Fire protection	4,559	4,124
Wastewater utility service:		
Residential	6,113	5,495
Commercial and industrial	1,299	1,050
Billing and revenue collection services	494	474
Collection services	34	38
Other revenue	26	50
Total Revenue from Contracts with Customers	<u>74,505</u>	<u>70,541</u>
Rents from regulated property	454	490
Total Operating Revenue	<u><u>\$74,959</u></u>	<u><u>\$71,031</u></u>

### Utility Service

The Company provides utility service as a distinct and single performance obligation to each of its water and wastewater customers. The transaction price is detailed in the tariff pursuant to an order by the PPUC and made publicly available. There is no variable consideration and no free service, special rates, or subnormal charges to any customer. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of utility service through a stand-ready obligation to perform and the transfer of water or the collection of wastewater through a series of distinct transactions that are identical in nature and have the same pattern of transfer to the customer. The Company uses an output method to recognize the utility service revenue over time. The stand-ready obligation is recognized through the passage of time in the form of a fixed charge and the transfer of water or the collection of wastewater is recognized at a per unit rate based on the actual or estimated flow through the meter. Each customer is invoiced every month and the invoice is due within twenty days. The utility service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for the passage of time and the actual or estimated usage from the latest meter reading to the end of the accounting period. The methodology is standardized and consistently applied to reduce bias and the need for judgment.

### Billing and Revenue Collection Service

The Company provides billing and revenue collection service as distinct performance obligations to three municipalities within the service territory of the Company. The municipalities provide service to their residents and the Company acts as the billing and revenue collection agent for the municipalities. The transaction price is a fixed amount per bill prepared as established in the contract. There is no variable consideration. Due to the fact that both the billing performance obligation and the revenue collection performance obligation are materially complete by the end of the reporting period, the Company does not allocate the transaction price between the two performance obligations. The performance obligations are satisfied at a point in time when the bills are sent as the municipalities receive all the benefits and bears all of the risk of non-collection at that time. Each municipality is invoiced when the bills are complete and the invoice is due within thirty days. The billing and revenue collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period.

### Collection Service

The Company provides collection service as a distinct and single performance obligation to several municipalities within the service territory of the Company. The municipalities provide wastewater service to their residents. If those residents are delinquent in paying for their wastewater service, the municipalities request that the Company post for and shut off the supply of water to the premises of those residents. When the resident is no longer delinquent, the Company will restore water service to the premises. The transaction price for each posting, each shut off, and each restoration is a fixed amount as established in the contract. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied at a point in time when the posting, shut off, or restoration is completed as the municipalities receive all the benefits in the form of payment or no longer providing wastewater service. Each municipality is invoiced periodically for the posting, shut offs, and restorations that have been completed since the last billing and the invoice is due within thirty days. The collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for postings, shut offs, and restorations that have been completed from the last billing to the end of the accounting period.

### Service Line Protection Plan

The Company provides service line protection as a distinct and single performance obligation to current water customers that choose to participate. The transaction price is detailed in the plan's terms and conditions and made publicly available. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of service line protection through a stand-ready obligation to perform. The Company uses an output method to recognize the service line protection revenue over time. The stand-ready obligation is recognized through the passage of time. A customer has a choice to prepay for an entire year or to pay in advance each month. The service line protection plan has no returns or extended warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no material performance obligations remain unsatisfied as of the end of the reporting period.

## **10. Rate Matters**

From time to time, the Company files applications for rate increases with the PPUC and is granted rate relief as a result of such requests. Most recently, the PPUC authorized an increase in rates effective March 1, 2023.

The PPUC permits water utilities to collect a distribution system improvement charge, or DSIC. The DSIC allows the Company to add a charge to customers' bills for qualified replacement costs of certain infrastructure without submitting a rate filing. This surcharge mechanism typically adjusts periodically based on additional qualified capital expenditures completed or anticipated in a future period. The DSIC is capped at 5% of base rates, and is reset to zero when new base rates that reflect the costs of those additions become effective or when a utility's earnings exceed a regulatory benchmark. The Company's earnings are currently below the regulatory benchmark, thus allowing the Company to collect DSIC. The DSIC provided revenues of \$386 in 2024 and \$249 in 2023. The DSIC is subject to audit by the PPUC.

## 11. Employee Benefit Plans

### Pensions

The Company maintains a general and administrative and a union-represented defined benefit pension plan covering all of its employees hired prior to May 1, 2010. Employees hired after May 1, 2010 are eligible for an enhanced 401(k) plan rather than a defined benefit plan. The benefits under the defined benefit plans are based upon years of service and compensation near retirement. The Company amended its defined benefit pension plans in 2014, generally limiting the years of eligible service under the plans to 30 years. The Company's funding policy is to contribute annually the amount permitted by the PPUC to be collected from customers in rates, but in no case less than the minimum Employee Retirement Income Security Act (ERISA) required contribution.

The following table sets forth the plans' funded status as of December 31, 2024 and 2023. The measurement of assets and obligations of the plans is as of December 31, 2024 and 2023.

#### Obligations and Funded Status At December 31

	<u>2024</u>	<u>2023</u>
<b>Change in Benefit Obligation</b>		
Pension benefit obligation at beginning of year	\$40,198	\$38,717
Service cost	635	598
Interest cost	1,855	1,876
Actuarial (gain) loss	(2,997)	974
Benefit payments	(2,135)	(1,967)
Pension benefit obligation at end of year	<u>37,556</u>	<u>40,198</u>
<b>Change in Plan Assets</b>		
Fair value of plan assets at beginning of year	63,578	55,807
Actual return on plan assets	1,011	8,058
Employer contributions	111	1,680
Benefits paid	(2,135)	(1,967)
Fair value of plan assets at end of year	<u>62,565</u>	<u>63,578</u>
Funded Status of Plans at End of Year	<u>\$25,009</u>	<u>\$23,380</u>

The accounting standards require that the funded status of defined benefit pension plans be fully recognized on the balance sheets. They also call for the unrecognized actuarial gain or loss, the unrecognized prior service cost, and the unrecognized transition costs to be adjustments to shareholders' equity (accumulated other comprehensive income). Due to a rate order granted by the PPUC, the Company is permitted under the accounting standards to defer the charges otherwise recorded in accumulated other comprehensive income as a regulatory asset. Management believes these costs will be recovered in future rates charged to customers. The asset for the funded status of the Company's pension plans as of December 31, 2024 and 2023 is recorded in "Prepaid pension cost" on its balance sheets.

In 2024, the plans recognized a significant actuarial gain. In 2024, the Company recognized a 70 basis point increase in the discount rate. In 2023, the plans recognized a significant actuarial loss. In 2023, the Company recognized a 25 basis point decrease in the discount rate. The Company uses the corridor method to amortize actuarial gains and losses. Gains and losses over 10% of the greater of pension benefit obligation or the market value of assets are amortized over the average future service of plan participants expected to receive benefits.

Changes in plan assets and benefit obligations recognized in regulatory liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Net gain arising during the year	\$(844)	\$(3,472)
Recognized prior service credit	13	13
Total changes in regulatory liability during the year	<u>\$(831)</u>	<u>\$(3,459)</u>

Amounts recognized in regulatory liabilities that have not yet been recognized as components of net periodic benefit cost consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Net loss	\$(1,370)	\$(526)
Prior service credit	(11)	(24)
Regulatory liability	<u>\$(1,381)</u>	<u>\$(550)</u>

Components of net periodic benefit cost are as follows:

	<u>2024</u>	<u>2023</u>
Service cost	\$635	\$598
Interest cost	1,855	1,876
Expected return on plan assets	(3,164)	(3,612)
Amortization of prior service credit	(13)	(13)
Rate-regulated adjustment	798	2,831
Net periodic benefit cost	<u>\$111</u>	<u>\$1,680</u>

Pension service cost is recorded in operating expenses. All other components of net periodic pension cost are recorded as other pension costs in other income (expenses).

The rate-regulated adjustment set forth above is required in order to reflect pension expense for the Company in accordance with the method used in establishing water rates. The Company is permitted by rate order of the PPUC to expense pension costs to the extent of contributions and defer any remaining expense to regulatory assets or recognize the excess as a regulatory liability to be collected in rates at a later date as additional contributions are made. During 2024, the deferral decreased by \$798.

The estimated costs for the defined benefit pension plans relating to the December 31, 2024 balance sheet that will be amortized from regulatory liabilities into net periodic benefit cost over the next fiscal year are as follows:

Net loss	\$ -
Net prior service credit	(11)
	<u>\$(11)</u>

The Company does not plan to contribute to the plans in 2025.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the next five years and the subsequent five years in the aggregate:

<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030-2034</u>
\$2,189	\$2,281	\$2,325	\$2,563	\$2,544	\$13,981

The following tables show the projected benefit obligation, the accumulated benefit obligation, and the fair value of plan assets as of December 31:

	<b>2024</b>	<b>2023</b>
Projected benefit obligation	\$37,556	\$40,198
Fair value of plan assets	62,565	63,578
	<b>2024</b>	<b>2023</b>
Accumulated benefit obligation	\$36,195	\$38,510
Fair value of plan assets	62,565	63,578

Weighted-average assumptions used to determine benefit obligations at December 31:

	<b>2024</b>	<b>2023</b>
Discount rate	5.45%	4.75%
Rate of compensation increase	2.50% - 3.00%	2.50% - 3.00%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	<b>2024</b>	<b>2023</b>
Discount rate	4.75%	5.00%
Expected long-term return on plan assets	5.00%	5.00%
Rate of compensation increase	2.50% - 3.00%	2.50% - 3.00%

The selected long-term rate of return on plan assets was primarily based on the asset allocation of each of the plan's assets. Analysis of the historic returns of these asset classes and projections of expected future returns were considered in setting the long-term rate of return.

The Company adopted new investment policy statements in December 2023. The investment objective of the Company's defined benefit pension plans is to grow the assets in such a manner that, when coupled with contributions to the plans, the assets are sufficient to pay the benefits promised to the participants and beneficiaries as they come due. At December 31, 2023, compliance with the new investment policy had only recently commenced implementation, resulting in a significant portion of the assets in cash and money market funds awaiting deployment to the asset classes defined in the investment policy statements.

The weighted-average target asset allocations are 70% to 90% fixed income securities, 10% to 30% equity securities, and 0% to 10% reserves (cash and cash equivalents). The Company's investment performance is reviewed on a quarterly basis, with long-term emphasis placed on results achieved over a three to five year period.

Eligible investments for fixed income securities include: (i) U.S. Treasury securities and agency securities; (ii) agency and non-agency mortgage-backed securities backed by loans secured by residential, multi-family and commercial properties including, but not limited to passthroughs, collateralized mortgage obligations, REMICs, project loans, construction loans, and adjustable rate mortgages; (iii) U.S.-dollar denominated obligations of foreign governments and supranational organizations; (iv) U.S.-dollar denominated obligations of domestic and foreign corporations; (v) asset-backed securities; (vi) municipal bonds, both taxable and tax-exempt issues; (vii) cash equivalent investments such as commercial paper, asset-backed commercial paper, certificates of deposit (domestic and U.S.-dollar denominated foreign,) bankers' acceptances and floating rate notes; and (viii) fixed income mutual funds and exchange traded funds consistent with the investment guidelines. At the time of purchase, securities must be rated investment grade pursuant to the inclusion rules for a reference benchmark provider. Securities that are not index eligible must be rated investment grade by a nationally recognized statistical rating organization at the time of purchase. The portfolio is allowed to hold up to 5% in aggregate market value of the portfolio in bonds downgraded below investment grade, provided that an overall investment grade rating is maintained for the total portfolio.

Direct exposure to the following strategies and types of securities is prohibited: oil and gas wells; interest only securities; warrants; principal only securities; margin trading; and inverse floating rate securities.

The fair values of the Company's pension plan assets at December 31, 2024 and 2023 by asset category and fair value hierarchy level are as follows. The valuations are based on quoted prices on active markets (Level 1) or broker/dealer quotes, active market makers, models, and yield curves (Level 2).

<u>Asset Category</u>	<u>Total Fair Value</u>		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>		<u>Significant Other Observable Inputs (Level 2)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash and Money Market Funds (a)	\$1,665	\$53,490	\$1,665	\$53,490	\$-	\$-
<u>Equity Securities:</u>						
Equity Mutual Funds (b)	11,643	10,065	11,643	10,065	-	-
<u>Fixed Income Securities:</u>						
U.S. Treasury Obligations	11,609	-	-	-	11,609	-
Corporate and Foreign Bonds (c)	37,648	-	-	-	37,648	-
Fixed Income Mutual Funds (d)	-	23	-	23	-	-
<b>Total Plan Assets</b>	<b>\$62,565</b>	<b>\$63,578</b>	<b>\$13,308</b>	<b>\$63,578</b>	<b>\$49,257</b>	<b>\$-</b>

- (a) The portfolios are designed to keep up to one year of distributions in immediately available funds. The Company was more heavily-weighted in cash as of December 31, 2023 due to the timing of the change in the investment policy statements.
- (b) This category includes a majority of investments in exchange traded funds as well as domestic equity mutual funds and international mutual funds which give the portfolio exposure to mid and large cap index funds as well as international diversified index funds.
- (c) This category includes corporate bonds and notes widely distributed among consumer discretionary, consumer staples, healthcare, information technology, energy, transportation, and financial services.
- (d) This category included fixed income investments in mutual funds which include government and corporate securities of both the U.S. and other countries.

#### **Defined Contribution Plan**

The Company has a savings plan pursuant to the provisions of section 401(k) of the Internal Revenue Code. For employees hired before May 1, 2010, this plan provides for elective employee contributions of up to 15% of compensation and Company matching contributions of 100% of the participant's contribution, up to a maximum annual Company contribution of \$2.8 for each employee.

Employees hired after May 1, 2010 are entitled to an enhanced feature of the plan. This feature provides for elective employee contributions of up to 15% of compensation and Company matching contributions of 100% of the participant's contribution, up to a maximum of 4% of the employee's compensation. In addition, the Company will make an annual contribution of \$1.2 to each employee's account whether or not they defer their own compensation. Employees eligible for this enhanced 401(k) plan feature are not eligible for the defined benefit plans. As of December 31, 2024, 84 employees were participating in the enhanced feature of the plan. The Company's contributions to both portions of the plan amounted to \$430 in 2024 and \$380 in 2023.

### **Deferred Compensation**

The Company has non-qualified deferred compensation and supplemental retirement agreements with certain members of management. The future commitments under these arrangements are offset by corporate-owned life insurance policies. At December 31, 2024 and 2023, the present value of the future obligations included in “Accrued compensation and benefits” and “Deferred employee benefits” was approximately \$3,893 and \$4,188, respectively. The insurance policies included in “Other assets” had a total cash value of approximately \$4,935 and \$4,566 at December 31, 2024 and 2023, respectively. The Company’s net (income) expenses under the plans amounted to \$(9) in 2024 and \$419 in 2023.

### **Other**

The Company has a retiree life insurance program which pays the beneficiary of a retiree \$2 upon the retiree’s death. At December 31, 2024 and 2023, the present value of the future obligations was approximately \$87 and \$100, respectively. There is no trust or insurance covering this future liability, instead the Company will pay these benefits out of its general assets. The Company’s net (income) expenses under the plan amounted to \$(11) in 2024 and \$9 in 2023.

## **12. Stock-Based Compensation**

On May 2, 2016, the Company’s stockholders approved The York Water Company Long-Term Incentive Plan, or LTIP. The LTIP was adopted to provide the incentive of long-term stock-based awards to officers, directors, and key employees. The LTIP provides for the granting of nonqualified stock options, incentive stock options, stock appreciation rights, performance restricted stock grants and units, restricted stock grants and units, and unrestricted stock grants. A maximum of 100,000 shares of common stock may be issued under the LTIP over the ten-year life of the plan. The maximum number of shares of common stock subject to awards that may be granted to any participant in any one calendar year is 2,000. Shares of common stock issued under the LTIP may be treasury shares or authorized but unissued shares. The LTIP is administered by the Compensation and Human Capital Committee of the Board, or the full Board, provided that the full Board administers the LTIP as it relates to awards to non-employee directors of the Company. The Company filed a registration statement with the SEC on May 11, 2016 covering the offering of stock under the LTIP. The LTIP was effective on July 1, 2016.

On September 18, 2020, the Board awarded stock to non-employee directors effective September 18, 2020. This stock award vested immediately. On September 18, 2020, the Compensation and Human Capital Committee awarded restricted stock to officers and key employees effective September 18, 2020. This restricted stock award vests ratably over three years beginning September 18, 2020 and has been fully recognized as of December 31, 2023.

On May 3, 2021, the Board awarded stock to non-employee directors effective May 3, 2021. This stock award vested immediately. On May 3, 2021, the Compensation and Human Capital Committee awarded restricted stock to officers and key employees effective May 3, 2021. This restricted stock award vests ratably over three years beginning May 3, 2021 and has been fully recognized as of December 31, 2024.

On May 2, 2022, the Board awarded stock to non-employee directors effective May 2, 2022. This stock award vested immediately. On May 2, 2022, the Compensation and Human Capital Committee awarded restricted stock to officers and key employees effective May 2, 2022. This restricted stock award vests ratably over three years beginning May 2, 2022.

On May 1, 2023, the Board awarded stock to non-employee directors effective May 1, 2023. This stock award vested immediately. On May 1, 2023, the Compensation and Human Capital Committee awarded restricted stock to officers and key employees effective May 1, 2023. This restricted stock award vests ratably over three years beginning May 1, 2023.

On May 1, 2023, the Board accelerated the vesting period for restricted stock granted in 2021, 2022, and 2023 to one retiring key employee from three years to that key employee’s 2024 retirement date, which has been fully recognized as of December 31, 2024.

On November 20, 2023, the Board awarded stock to an officer effective November 20, 2023. This stock award vested immediately.

On January 29, 2024, the Board accelerated the vesting period for restricted stock granted in 2022 and 2023 to one retiring officer from three years to that officer's 2024 retirement date, which has been fully recognized as of December 31, 2024.

On May 6, 2024, the Board awarded stock to non-employee directors effective May 6, 2024. This stock award vested immediately. On May 6, 2024, the Compensation and Human Capital Committee awarded restricted stock to officers and key employees effective May 6, 2024. This stock award vests ratably over three years beginning May 6, 2024, with the exception of the stock award to one key employee which vested immediately. The Board accelerated the vesting period for this restricted stock award to one retiring officer from three years to that officer's 2024 retirement date, which has been fully recognized as of December 31, 2024.

On November 25, 2024, the Board awarded stock to an officer effective November 25, 2024. This stock award vested immediately.

The restricted stock awards provide the grantee with the rights of a shareholder, including the right to receive dividends and to vote such shares, but not the right to sell or otherwise transfer the shares during the restriction period. As a result, the awards are included in common shares outstanding on the balance sheet. Restricted stock awards result in compensation expense valued at the fair market value of the stock on the date of the grant and are amortized ratably over the requisite service period.

The following table summarizes the stock grant amounts and activity for the years ended December 31, 2023 and 2024.

	<u>Number of Shares</u>	<u>Grant Date Weighted Average Fair Value</u>
Nonvested at beginning of the year 2023	10,765	\$43.24
Granted	6,792	\$41.63
Vested	(6,780)	\$43.09
Forfeited	(1,833)	\$42.29
Nonvested at end of the year 2023	<u>8,944</u>	<u>\$42.32</u>
Granted	6,666	\$36.82
Vested	(6,701)	\$41.35
Forfeited	(792)	\$42.20
Nonvested at the end of the year 2024	<u>8,117</u>	<u>\$38.62</u>

For the years ended December 31, 2024 and 2023 the statement of income includes \$246 and \$300 of stock-based compensation, net and related recognized tax benefits of \$68 and \$84, respectively. The total fair value of the shares vested in the years ended December 31, 2024 and 2023 was \$277 and \$292, respectively. Total stock-based compensation related to nonvested awards not yet recognized is \$313 at December 31, 2024, which will be recognized over the remaining three-year vesting period.

### 13. Taxes Other than Income Taxes

The following table provides the components of taxes other than income taxes:

	<u>2024</u>	<u>2023</u>
Regulatory Assessment	\$412	\$356
Property	502	451
Payroll, net of amounts capitalized	757	687
Other	5	5
Total taxes other than income taxes	<u>\$1,676</u>	<u>\$1,499</u>

#### 14. Income Taxes

The provisions for income taxes consist of:

	<u>2024</u>	<u>2023</u>
Federal current	\$728	\$506
State current	147	241
Federal deferred	409	540
State deferred	102	25
Federal investment tax credit, net of current utilization	(36)	(35)
Total income taxes	<u>\$1,350</u>	<u>\$1,277</u>

A reconciliation of the statutory Federal tax provision to the total provision follows:

	<u>2024</u>	<u>2023</u>
Statutory Federal tax provision	\$4,552	\$5,257
State income taxes, net of Federal benefit	244	287
IRS TPR deduction	(3,315)	(4,029)
Tax-exempt interest	(33)	(40)
Amortization of investment tax credit	(36)	(35)
Cash value of life insurance	(19)	5
Amortization of excess accumulated deferred income taxes on accelerated depreciation	(196)	(197)
Change in enacted state tax rate	21	(9)
Other, net	132	38
Total income taxes	<u>\$1,350</u>	<u>\$1,277</u>

The Company filed for a change in accounting method under the IRS TPR effective in 2014. Under the change in accounting method, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. The Company was permitted to make this deduction for prior years (the “catch-up deduction”) and for each year going forward (the “ongoing deduction”). As a result of the catch-up deduction, income tax benefits of \$3,887 were deferred as a regulatory liability. After receiving approval from the PPUC in a rate order, the Company began to recognize the catch-up deduction, recorded as a regulatory liability, over 15 years beginning March 1, 2019. As a result, the Company recognized \$259 in income taxes during each of the years ended December 31, 2024 and 2023. As a result of the ongoing deduction, the net income tax benefits of \$3,056 and \$3,770 for the years ended December 31, 2024 and 2023, respectively, reduced income tax expense and flowed through to net income. The ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. Both the ongoing and catch-up deductions result in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions.

The 2017 Tax Act, among other things, reduces the federal statutory corporate tax rate for tax years beginning in 2018 from 34% to 21%, treats customers' advances for construction and contributions in aid of construction as taxable income, eliminates certain deductions, and eliminates bonus depreciation on qualified water and wastewater property. This resulted in the remeasurement of the federal portion of the Company's deferred taxes as of December 31, 2017 to the 21% rate. The effect was recognized in income for the year ended December 31, 2017 for all deferred tax assets and liabilities except accelerated depreciation. Under normalization rules applicable to public utility property included in the 2017 Tax Act, the excess accumulated deferred income taxes on accelerated depreciation is recorded as a regulatory liability. The regulatory liability is a temporary difference, so a deferred tax asset is recorded including the gross-up of revenue necessary to return, in rates, the effect of the temporary difference. The Company is recognizing the excess accumulated deferred income taxes on accelerated depreciation, recorded as a regulatory liability, over the remaining useful life of the underlying assets. As a result, the Company recognized \$196 and \$197 in income taxes for the years ended December 31, 2024 and 2023, respectively. In November 2021, the 2021 Infrastructure Act repealed the tax treatment of customers' advances for construction and contributions in aid of construction made after December 31, 2020.

On July 8, 2022, the Pennsylvania budget for the fiscal year ending June 30, 2023 was signed into law. A provision within the tax code bill included with the budget provides for an annual phase-down of the Pennsylvania corporate net income tax rate of one percentage point in the first year beginning January 1, 2023 from 9.99% to 8.99%, and a one-half percentage point each year thereafter until it reaches 4.99% beginning January 1, 2031. The Company has remeasured the state portion of the Company's deferred income taxes. The effect, net of the federal benefit, of \$21 and \$(9) was recognized in income for the years ended December 31, 2024 and 2023, respectively. Deferred income taxes for differences that are recognized for ratemaking purposes on a cash or flow-through basis were remeasured with offsetting changes to regulatory assets and liabilities on the balance sheet as of December 31, 2024 and 2023. The Company expects any savings in its Pennsylvania current income taxes to be returned to its customers through the rate making process or as a future negative surcharge on their bills.

The tax effects of temporary differences between book and tax balances that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2024 and 2023 are summarized in the following table:

	<u>2024</u>	<u>2023</u>
Deferred tax assets:		
Reserve for doubtful accounts	\$440	\$278
Compensated absences	178	186
Deferred compensation	998	1,073
Excess accumulated deferred income taxes on accelerated depreciation	3,280	3,335
Deferred taxes associated with the gross-up of revenues necessary to return, in rates, the effect of temporary differences	1,622	1,623
Customers' advances for construction and contributions in aid of construction	1,032	1,117
Tax effect of pension regulatory liability	5,693	5,286
Tax loss carryover	71	168
Contribution carryover	16	113
Other costs deducted for book, not for tax	50	62
Total deferred tax assets	<u>13,380</u>	<u>13,241</u>
Deferred tax liabilities:		
Accelerated depreciation	30,069	29,298
Basis differences from IRS TPR	26,787	23,182
Investment tax credit	265	290
Deferred taxes associated with the gross-up of revenues necessary to recover, in rates, the effect of temporary differences	10,208	8,965
Pensions	6,237	5,831
Unamortized debt issuance costs	333	363
Other costs deducted for tax, not for book	638	547
Total deferred tax liabilities	<u>74,537</u>	<u>68,476</u>
Net deferred tax liability	<u>\$61,157</u>	<u>\$55,235</u>

In accordance with accounting standards, the net deferred tax liability is classified as a noncurrent deferred income tax liability on the balance sheets.

The Company has a Pennsylvania tax loss carryover of \$1,118. If not used, this carryover will expire in 2042. The Company has contribution carryovers of \$58. If not used, these carryovers will expire in 2027.

No valuation allowance was required for deferred tax assets as of December 31, 2024 and 2023. In assessing the value of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon expected future taxable income and the current regulatory environment, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

The Company determined that there were no uncertain tax positions meeting the recognition and measurement test of the accounting standards recorded in the years that remain open for review by taxing authorities, which are 2021 through 2023 for both federal and state income tax returns. The Company has not yet filed tax returns for 2024. The Company believes that it has fully complied with any changes pursuant to the 2017 Tax Act and the 2021 Infrastructure Act and has not taken any new positions in its 2024 income tax provision.

The Company's policy is to recognize interest and penalties related to income tax matters in other expenses. The Company paid no interest or penalties for the years ended December 31, 2024 and 2023.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Company's President and Chief Executive Officer along with the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report are effective such that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Management’s Report on Internal Control Over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the Company’s internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013 framework)*. As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of December 31, 2024, the Company’s internal control over financial reporting was effective.

### **Item 9B. Other Information.**

#### Rule 10b5-1 Trading Plans

No officers or directors, as defined in Rule 16a-1(f), adopted, modified and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, during the fourth quarter of fiscal 2024.

### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

##### Directors of the Registrant

The information set forth under the caption “Election of Directors” of the 2025 Proxy Statement is incorporated herein by reference.

##### Executive Officers of the Registrant

The information set forth under the caption “Executive Officers of the Company” of the 2025 Proxy Statement is incorporated herein by reference.

##### Compliance with Section 16(a) of the Exchange Act

The information set forth under the caption “Delinquent Section 16(a) Reports” of the 2025 Proxy Statement is incorporated herein by reference.

##### Code of Ethics

The information set forth under the caption “Code of Ethics” of the 2025 Proxy Statement is incorporated herein by reference.

##### Audit Committee

The information set forth under the caption “Board Committees and Functions” of the 2025 Proxy Statement is incorporated herein by reference.

##### Insider Trading Policy

The information set forth under the caption “Insider Trading Policy and Procedures” of the 2025 Proxy Statement is incorporated herein by reference.

#### **Item 11. Executive Compensation.**

The information set forth under the caption “Compensation of Directors and Executive Officers” and “Stock Ownership and Equity Granting Process” of the 2025 Proxy Statement is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information for the equity compensation plan of the Company as of December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders*	-	-	97,046
Equity compensation plans not approved by security holders	-	-	0

\*Amounts are subject to adjustment to reflect stock dividends, stock splits, or other relevant changes in capitalization.

Under the Company’s Long-Term Incentive Plan, 56,767 shares remain available for awards as of December 31, 2024. In addition, the Company has an employee stock purchase plan that allows employees to purchase stock at a 5% discount up to a maximum of 10% of their gross compensation. Under this plan, 40,279 authorized shares remain unissued as of December 31, 2024.

The information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” of the 2025 Proxy Statement is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information set forth under the caption “Director Independence” of the 2025 Proxy Statement is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services.**

The information set forth under the caption “Principal Accountant’s Fees and Services” of the 2025 Proxy Statement is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.

- (a) Certain documents filed as part of the Form 10-K.
1. The financial statements set forth under Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm  
Balance Sheets as of December 31, 2024 and 2023  
Statements of Income for Years Ended December 31, 2024 and 2023  
Statements of Common Stockholders' Equity for Years Ended December 31, 2024 and 2023  
Statements of Cash Flows for Years Ended December 31, 2024 and 2023  
Notes to Financial Statements

2. Financial Statement schedules.

<u>Schedule Number</u>	<u>Schedule Description</u>	<u>Page Number</u>
II	Valuation and Qualifying Accounts for the years ended December 31, 2024 and 2023	61

The report of the Company's independent registered public accounting firm with respect to the financial statement schedule appears on page 22.

All other financial statements and schedules not listed have been omitted since the required information is included in the financial statements or the notes thereto, or is not applicable or required.

3. Exhibits required by Item 601 of Regulation S-K.

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Page Number of Incorporation By Reference</u>
<a href="#">3</a>	<a href="#">Amended and Restated Articles of Incorporation</a>	<a href="#">Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 3.1 to Form 8-K dated May 4, 2010.</a>
<a href="#">3.1</a>	<a href="#">Amended and Restated By-Laws</a>	<a href="#">Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 3.1 to Form 8-K dated January 26, 2012.</a>

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Page Number of Incorporation By Reference</u></b>
<a href="#"><u>4.1</u></a>	<a href="#"><u>Dividend Reinvestment and Direct Stock Purchase and Sale Plan</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission on Form S-3 dated November 7, 2022 (File No. 333-268204).</u></a>
<a href="#"><u>4.2</u></a>	<a href="#"><u>Description of The York Water Company Securities Registered Under Section 12 of the Securities Exchange Act of 1934, as amended.</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 4.4 to the Company's 2019 Form 10-K.</u></a>
10.1	Articles of Agreement Between The York Water Company and Springettsbury Township relative to Extension of Water Mains dated April 17, 1985	Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's 1989 Form 10-K.
<a href="#"><u>10.2</u></a>	<a href="#"><u>Variable Rate Loan Agreement between The York Water Company and Pennsylvania Economic Development Financing Authority, dated as of May 1, 2008 relative to the \$12,000,000 Exempt Facilities Revenue Bonds</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's May 12, 2008 Form 8-K.</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Trust Indenture dated as of May 1, 2008 between Pennsylvania Economic Development Financing Authority and Manufacturers and Traders Trust Company, as trustee</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.5 to the Company's September 15, 2009 Form 8-K.</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Reimbursement, Credit and Security Agreement, dated as of May 1, 2008 between The York Water Company and PNC Bank, National Association</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.3 to the Company's May 12, 2008 Form 8-K.</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><u>Loan Agreement between The York Water Company and York County Industrial Development Authority, entered into July 23, 2015 and dated as of July 1, 2015 relative to the \$10,000,000 4.00% - 4.50% Exempt Facilities Revenue Bonds.</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's July 24, 2015 Form 8-K.</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>Trust Indenture entered into July 23, 2015 and dated as of July 1, 2015 between York County Industrial Development Authority and Manufacturers and Traders Trust Company, as trustee</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.2 to the Company's July 24, 2015 Form 8-K.</u></a>

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Page Number of Incorporation By Reference</u></b>
<a href="#"><u>10.7*</u></a>	<a href="#"><u>Cash Incentive Plan</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's January 28, 2005 Form 8-K.</u></a>
10.8*	Form of Amended and Restated Change in Control Agreement originally effective as of August 1, 2022 between The York Water Company and each of the individuals listed on a schedule attached thereto, which plans are identical in all material respects except as indicated in Schedule 10.8	Filed herewith.
10.9*	Form of Amended and Restated Supplemental Retirement Plan originally effective as of August 1, 2023 between The York Water Company and each of the individuals listed on a schedule attached thereto, which plans are identical in all material respects except as indicated in Schedule 10.9	Filed herewith.
<a href="#"><u>10.10*</u></a>	<a href="#"><u>Form of Amended and Restated Deferred Compensation Plan originally effective as of July 1, 2015 between The York Water Company and each of the individuals listed on a schedule attached thereto, which plans are identical in all material respects except as indicated in Schedule 10.18</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.18 to the Company's March 10, 2020 Form 10-K.</u></a>
10.11*	Form of Amended and Restated Deferred Compensation Plan originally effective as of January 1, 2016 between The York Water Company and each of the individuals listed on a schedule attached thereto, which plans are identical in all material respects except as indicated in Schedule 10.11	Filed herewith.
<a href="#"><u>10.12*</u></a>	<a href="#"><u>Long-Term Incentive Plan</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission on Form S-8 dated May 11, 2016 (File No. 333-211287).</u></a>
<a href="#"><u>10.13*</u></a>	<a href="#"><u>Employee Stock Purchase Plan</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.21 to the Company's March 7, 2017 Form 10-K.</u></a>
<a href="#"><u>10.14</u></a>	<a href="#"><u>Note Agreement relative to the \$20,000,000 4.54% Senior Notes, dated January 31, 2019</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's February 5, 2019 Form 8-K.</u></a>

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Page Number of Incorporation By Reference</u></b>
<a href="#"><u>10.15</u></a>	<a href="#"><u>Note Agreement relative to the \$15,000,000 3.23% Senior Notes, dated October 1, 2019</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's October 2, 2019 Form 8-K.</u></a>
<a href="#"><u>10.16</u></a>	<a href="#"><u>Loan Agreement between The York Water Company and Pennsylvania Economic Development Financing Authority entered into October 8, 2019 and dated as of September 1, 2019 relative to the \$25,370,000 3.00% - 3.10% Exempt Facilities Revenue Refunding Bonds.</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's October 9, 2019 Form 8-K.</u></a>
<a href="#"><u>10.17</u></a>	<a href="#"><u>Trust Indenture entered into October 8, 2019 and dated as of September 1, 2019 between Pennsylvania Economic Development Financing Authority and Manufacturers and Traders Trust Company, as trustee.</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.2 to the Company's October 9, 2019 Form 8-K.</u></a>
<a href="#"><u>10.18</u></a>	<a href="#"><u>Note Agreement relative to the \$30,000,000 3.24% Senior Notes, dated September 30, 2020</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's October 2, 2020 Form 8-K.</u></a>
<a href="#"><u>10.19</u></a>	<a href="#"><u>Note Agreement relative to the \$40,000,000 5.50% Senior Notes, dated February 24, 2023</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's February 27, 2023 Form 8-K.</u></a>
<a href="#"><u>10.20</u></a>	<a href="#"><u>Note Agreement relative to the \$40,000,000 5.67% Senior Notes, dated February 27, 2024</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 10.1 to the Company's February 28, 2024 Form 8-K.</u></a>
<a href="#"><u>14</u></a>	<a href="#"><u>Company Code of Conduct</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 14 to the Company's August 6, 2014 Form 10-Q.</u></a>
19	Insider Trading Policy	Filed herewith
23	Consent of Baker Tilly US, LLP, Independent Registered Public Accounting Firm	Filed herewith.

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Page Number of Incorporation By Reference</u></b>
31.1	Certification pursuant to Rule 13a-14(a) and 15d-14(a)	Filed herewith.
31.2	Certification pursuant to Rule 13a-14(a) and 15d-14(a)	Filed herewith.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
<a href="#"><u>97</u></a>	<a href="#"><u>The York Water Company Clawback Policy</u></a>	<a href="#"><u>Incorporated herein by reference. Filed previously with the Securities and Exchange Commission as Exhibit 97 to the Company's March 5, 2024 Form 10-K.</u></a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	Filed herewith.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith.

\* Management contracts and compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(a)(3) of this Annual Report.

**Item 16. Form 10-K Summary.**

None.

**THE YORK WATER COMPANY**

**Schedule II Valuation and Qualifying Accounts  
For the Two Years Ended December 31, 2024**

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>			<u>Balance at End of Year</u>
		<u>Charged to Cost and Expenses</u>	<u>Recoveries</u>	<u>Deductions</u>	
FOR THE YEAR ENDED DECEMBER 31, 2024					
Reserve for uncollectible accounts	\$1,005,000	\$1,071,758	\$30,658	\$497,416	\$1,610,000
FOR THE YEAR ENDED DECEMBER 31, 2023					
Reserve for uncollectible accounts	\$855,000	\$538,152	\$24,646	\$412,798	\$1,005,000

The Deductions column above represents write-offs of accounts receivable during the applicable year.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE YORK WATER COMPANY  
(Registrant)

Dated: March 3, 2025

By: /s/ Joseph T. Hand  
Joseph T. Hand  
President and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Joseph T. Hand  
Joseph T. Hand  
(Principal Executive Officer and Director)  
Dated: March 3, 2025

By: /s/ Matthew E. Poff  
Matthew E. Poff  
(Principal Accounting Officer and Chief Financial Officer)  
Dated: March 3, 2025

Directors:

Date:

By: /s/ Paul R. Bonney  
Paul R. Bonney

March 3, 2025

By: /s/ Douglas S. Brossman  
Douglas S. Brossman

March 3, 2025

By: /s/ Michael W. Gang  
Michael W. Gang

March 3, 2025

By: /s/ Joseph T. Hand  
Joseph T. Hand

March 3, 2025

By: /s/ Jeffrey R. Hines  
Jeffrey R. Hines

March 3, 2025

By: /s/ George W. Hodges  
George W. Hodges

March 3, 2025

By: /s/ Robert F. Lambert  
Robert F. Lambert

March 3, 2025

By: /s/ Jody L. Keller  
Jody L. Keller

March 3, 2025

By: /s/ Erin C. McGlaughlin  
Erin C. McGlaughlin

March 3, 2025

By: /s/ Steven R. Rasmussen  
Steven R. Rasmussen

March 3, 2025

By: /s/ Laura T. Wand  
Laura T. Wand

March 3, 2025

## EXHIBIT 23

### Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-268204 and 333-283488) and Forms S-8 (File Nos. 333-191497 and 333-211287) of The York Water Company of our report dated March 4, 2025, relating to the financial statements and the financial statement schedule, which appear in this Form 10-K for the year ended December 31, 2024.

/s/ Baker Tilly US, LLP

Lancaster, Pennsylvania

March 4, 2025

**EXHIBIT 31.1  
CERTIFICATIONS**

I, Joseph T. Hand, certify that:

1. I have reviewed this report on Form 10-K of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2025

By: /s/ Joseph T. Hand  
Joseph T. Hand  
President and CEO

**EXHIBIT 31.2  
CERTIFICATIONS**

I, Matthew E. Poff, certify that:

1. I have reviewed this report on Form 10-K of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2025

By: /s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of The York Water Company on Form 10-K for the year ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph T. Hand, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

By: /s/ Joseph T. Hand  
Joseph T. Hand  
Chief Executive Officer

Date: March 4, 2025

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of The York Water Company on Form 10-K for the year ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew E. Poff, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

By: /s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

Date: March 4, 2025

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2025
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34245

**THE YORK WATER COMPANY**

(Exact name of registrant as specified in its charter)



Pennsylvania  
(State or other jurisdiction of incorporation or organization)

23-1242500  
(I.R.S. Employer Identification No.)

130 East Market Street, York, Pennsylvania  
(Address of principal executive offices)

17401  
(Zip Code)

Registrant's telephone number, including area code (717) 845-3601

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, No par value  
(Title of Class)

YORW  
(Trading Symbol)

The Nasdaq Global Select Market  
(Name of Each Exchange on Which Registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, No par value

14,400,277 Shares outstanding  
as of May 6, 2025

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**THE YORK WATER COMPANY**

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Balance Sheets (Unaudited)**  
**(In thousands of dollars, except per share amounts)**

	<b>Mar. 31, 2025</b>	<b>Dec. 31, 2024</b>
<b>ASSETS</b>		
UTILITY PLANT, at original cost	\$ 676,445	\$ 664,927
Plant acquisition adjustments	(9,819)	(9,838)
Accumulated depreciation	<u>(126,738)</u>	<u>(124,082)</u>
Net utility plant	<u>539,888</u>	<u>531,007</u>
OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$545 in 2025 and \$536 in 2024	 <u>1,525</u>	 <u>1,534</u>
CURRENT ASSETS:		
Cash and cash equivalents	1	1
Accounts receivable, net of reserves of \$1,610 in 2025 and \$1,610 in 2024	6,905	7,249
Unbilled revenues	3,539	3,604
Recoverable income taxes	-	587
Materials and supplies inventories, at cost	3,331	3,413
Prepaid expenses	<u>1,942</u>	<u>1,597</u>
Total current assets	<u>15,718</u>	<u>16,451</u>
OTHER LONG-TERM ASSETS:		
Prepaid pension cost	25,151	25,009
Note receivable	255	255
Deferred regulatory assets	53,987	54,061
Other assets	<u>5,228</u>	<u>5,156</u>
Total other long-term assets	<u>84,621</u>	<u>84,481</u>
<b>Total Assets</b>	<b><u>\$ 641,752</u></b>	<b><u>\$ 633,473</u></b>

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Balance Sheets (Unaudited) (In thousands of dollars, except per share amounts)

	Mar. 31, 2025	Dec. 31, 2024
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>		
COMMON STOCKHOLDERS' EQUITY:		
Common stock, no par value, authorized 46,500,000 shares, issued and outstanding 14,399,650 shares in 2025 and 14,386,282 shares in 2024	\$ 138,556	\$ 138,089
Retained earnings	93,587	93,103
Total common stockholders' equity	232,143	231,192
PREFERRED STOCK, authorized 500,000 shares, no shares issued	-	-
LONG-TERM DEBT	211,643	205,561
COMMITMENTS	-	-
CURRENT LIABILITIES:		
Accounts payable	10,023	9,525
Dividends payable	2,898	2,892
Accrued compensation and benefits	1,605	1,806
Accrued income taxes	32	-
Accrued interest	1,322	2,490
Deferred regulatory liabilities	861	864
Other accrued expenses	681	712
Total current liabilities	17,422	18,289
DEFERRED CREDITS:		
Customers' advances for construction	21,358	20,546
Deferred income taxes	61,710	61,157
Deferred employee benefits	3,535	3,526
Deferred regulatory liabilities	43,936	43,947
Other deferred credits	485	386
Total deferred credits	131,024	129,562
Contributions in aid of construction	49,520	48,869
<b>Total Stockholders' Equity and Liabilities</b>	<b>\$ 641,752</b>	<b>\$ 633,473</b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Income (Unaudited)**  
**(In thousands of dollars, except per share amounts)**

	<b>Three Months</b>	
	<b>Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
OPERATING REVENUES:	\$ 18,456	\$ 17,628
OPERATING EXPENSES:		
Operation and maintenance	5,211	4,812
Administrative and general	2,923	3,074
Depreciation and amortization	3,564	3,083
Taxes other than income taxes	475	444
	<u>12,173</u>	<u>11,413</u>
Operating income	<u>6,283</u>	<u>6,215</u>
OTHER INCOME (EXPENSES):		
Interest on debt	(2,419)	(2,123)
Allowance for funds used during construction	185	1,134
Other pension costs	133	(230)
Other income (expenses), net	(72)	(67)
	<u>(2,173)</u>	<u>(1,286)</u>
Income before income taxes	4,110	4,929
Income tax expense	472	602
<b>Net Income</b>	<b><u>\$ 3,638</u></b>	<b><u>\$ 4,327</u></b>
<b>Basic Earnings Per Share</b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.30</u></b>
<b>Diluted Earnings Per Share</b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.30</u></b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Common Stockholders' Equity (Unaudited)**

**(In thousands of dollars, except per share amounts)**

**For the Periods Ended March 31, 2025 and 2024**

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, December 31, 2024	14,386,282	\$ 138,089	\$ 93,103	\$ 231,192
Net income	-	-	3,638	3,638
Cash dividends declared, \$0.2192 per share	-	-	(3,154)	(3,154)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	12,385	395	-	395
Stock-based compensation	983	72	-	72
Balance, March 31, 2025	<u>14,399,650</u>	<u>\$ 138,556</u>	<u>\$ 93,587</u>	<u>\$ 232,143</u>

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, December 31, 2023	14,332,245	\$ 136,174	\$ 85,004	\$ 221,178
Net income	-	-	4,327	4,327
Cash dividends declared, \$0.2108 per share	-	-	(3,022)	(3,022)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	11,768	405	-	405
Stock-based compensation	(513)	43	-	43
Balance, March 31, 2024	<u>14,343,500</u>	<u>\$ 136,622</u>	<u>\$ 86,309</u>	<u>\$ 222,931</u>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Cash Flows (Unaudited)**  
(In thousands of dollars, except per share amounts)

	<b>Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 3,638	\$ 4,327
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,564	3,083
Stock-based compensation	72	43
Increase (decrease) in deferred income taxes	(197)	202
Other	116	(329)
Changes in assets and liabilities:		
Decrease in accounts receivable and unbilled revenues	258	535
Decrease in recoverable income taxes	587	332
Increase in materials and supplies inventories, prepaid expenses, prepaid pension cost, deferred regulatory and other assets	(1,137)	(3,710)
Increase in accounts payable, accrued compensation and benefits, other accrued expenses, deferred employee benefits, deferred regulatory liabilities, and other deferred credits	240	1,527
Increase (decrease) in accrued interest and taxes	(1,136)	128
Net cash provided by operating activities	<u>6,005</u>	<u>6,138</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Utility plant additions, including debt portion of allowance for funds used during construction of \$103 in 2025 and \$634 in 2024	(9,280)	(8,457)
Acquisitions of water and wastewater systems	-	(45)
Net cash used in investing activities	<u>(9,280)</u>	<u>(8,502)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Customers' advances for construction and contributions in aid of construction	1,565	285
Repayments of customer advances	(102)	-
Proceeds of long-term debt issues	12,772	49,919
Debt issuance costs	-	(167)
Repayments of long-term debt	(6,737)	(40,192)
Changes in cash overdraft position	(1,470)	(1,547)
Issuance of common stock	395	405
Dividends paid	(3,148)	(3,019)
Net cash provided by financing activities	<u>3,275</u>	<u>5,684</u>
Net change in cash and cash equivalents	-	3,320
Cash and cash equivalents at beginning of period	1	1
Cash and cash equivalents at end of period	<u>\$ 1</u>	<u>\$ 3,321</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 3,408	\$ 1,491
Income taxes	35	-

Supplemental disclosure of non-cash investing and financing activities:

Accounts payable includes \$6,238 in 2025 and \$8,172 in 2024 for the construction of utility plant.

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Notes to Interim Financial Statements (In thousands of dollars, except per share amounts)

#### 1. Basis of Presentation

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of results for such periods. Because the financial statements cover an interim period, they do not include all disclosures and notes normally provided in annual financial statements, and therefore, should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Operating results for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

#### 2. Accounts Receivable and Unbilled Revenue

Accounts receivable are summarized in the following table:

	<u>As of</u> <u>Mar. 31, 2025</u>	<u>As of</u> <u>Dec. 31, 2024</u>	<u>Change</u>
Accounts receivable – customers	\$8,209	\$8,392	\$(183)
Other receivables	306	467	(161)
	<u>8,515</u>	<u>8,859</u>	<u>(344)</u>
Less: allowance for doubtful accounts	<u>(1,610)</u>	<u>(1,610)</u>	<u>-</u>
Accounts receivable, net	<u>\$6,905</u>	<u>\$7,249</u>	<u>\$(344)</u>
Unbilled revenue	<u>\$3,539</u>	<u>\$3,604</u>	<u>\$(65)</u>

Differences in timing of revenue recognition, billings, and cash collections result in receivables. Generally, billing occurs subsequent to revenue recognition, resulting in unbilled revenue on the balance sheet. The Company does not receive advances or deposits from customers before revenue is recognized so no contract liabilities are reported. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately on the balance sheet. The changes in accounts receivable – customers and in unbilled revenue were primarily due to the normal timing difference between performance and the customer's payments.

#### 3. Common Stock and Earnings Per Share

Net income of \$3,638 and \$4,327 for the three months ended March 31, 2025 and 2024, respectively, is used to calculate both basic and diluted earnings per share. Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding plus potentially dilutive shares. The dilutive effect of employee stock-based compensation is included in the computation of diluted earnings per share and is calculated using the treasury stock method and expected proceeds upon exercise or issuance of the stock-based compensation.

The following table summarizes the shares used in computing basic and diluted earnings per share:

	<b>Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Weighted average common shares, basic	14,380,689	14,324,879
Effect of dilutive securities:		
Employee stock-based compensation	<u>2,515</u>	<u>2,827</u>
Weighted average common shares, diluted	<u>14,383,204</u>	<u>14,327,706</u>

On March 11, 2013, the Board of Directors, or the Board, authorized a share repurchase program granting the Company authority to repurchase up to 1,200,000 shares of the Company's common stock from time to time. The stock repurchase program has no specific end date and the Company may repurchase shares in the open market or through privately negotiated transactions. The Company may suspend or discontinue the repurchase program at any time. No shares were repurchased during the three months ended March 31, 2025 and 2024. As of March 31, 2025, 618,004 shares remain authorized for repurchase.

#### 4. Debt

For the three months ended March 31, 2025, the Company did not enter into any new long-term debt arrangements or modify its outstanding long-term debt, which is summarized in the table below.

	<b>As of <u>Mar. 31, 2025</u></b>	<b>As of <u>Dec. 31, 2024</u></b>
Variable Rate Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series 2008A, due 2029	\$12,000	\$12,000
3.00% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series A of 2019, due 2036	10,500	10,500
3.10% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series B of 2019, due 2038	14,870	14,870
3.23% Senior Notes, due 2040	15,000	15,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045	10,000	10,000
4.54% Senior Notes, due 2049	20,000	20,000
3.24% Senior Notes, due 2050	30,000	30,000
5.50% Senior Notes, due 2053	40,000	40,000
5.67% Senior Notes, due 2054	40,000	40,000
Committed Line of Credit, due September 2026	<u>21,843</u>	<u>15,808</u>
Total long-term debt	214,213	208,178
Less discount on issuance of long-term debt	(133)	(136)
Less unamortized debt issuance costs	<u>(2,437)</u>	<u>(2,481)</u>
Long-term portion	<u>\$211,643</u>	<u>\$205,561</u>

## **5. Interest Rate Swap Agreement**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. The Company utilizes an interest rate swap agreement to effectively convert the Company's \$12,000 variable-rate debt issue to a fixed rate. Interest rate swaps are contracts in which a series of interest rate cash flows are exchanged over a prescribed period. The notional amount on which the interest payments are based (\$12,000) is not exchanged. The interest rate swap provides that the Company pays the counterparty a fixed interest rate of 3.16% on the notional amount of \$12,000. In exchange, the counterparty pays the Company a variable interest rate based on 59% of the daily simple Secured Overnight Financing Rate plus a spread adjustment of 11.448 basis points on the notional amount. The intent is for the variable rate received from the swap counterparty to approximate the variable rate the Company pays to bondholders on its variable rate debt issue, resulting in a fixed rate being paid to the swap counterparty and reducing the Company's interest rate risk. The Company's net payment rate on the swap averaged 0.52% and (0.04)% for the three months ended March 31, 2025 and 2024, respectively.

The interest rate swap agreement is classified as a financial derivative used for non-trading activities. The accounting standards regarding accounting for derivatives and hedging activities require companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. In accordance with the standards, the interest rate swap is recorded on the balance sheet in other deferred credits at fair value (see Note 6).

The Company uses regulatory accounting treatment rather than hedge accounting to defer the unrealized gains and losses on its interest rate swap. These unrealized gains and losses are recorded as a regulatory asset or regulatory liability. Based on current ratemaking treatment, the Company expects the unrealized gains and losses to be recognized in rates as a component of interest expense as the swap settlements occur. Swap settlements are recorded in the income statement with the hedged item as interest expense. Swap settlements resulted in the reclassification from regulatory assets to interest expense of \$16 and \$(1) for the three months ended March 31, 2025 and 2024, respectively. The overall swap result was a (gain) loss of \$114 and \$(175) for the three months ended March 31, 2025 and 2024, respectively. The Company expects to reclassify \$94 before tax from regulatory assets to interest expense as a result of swap settlements over the next 12 months.

The interest rate swap agreement contains provisions that require the Company to maintain a credit rating of at least BBB- with Standard & Poor's. If the Company's rating were to fall below this rating, it would be in violation of these provisions, and the counterparty to the derivative could request immediate payment if the derivative was in a liability position. On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's interest rate swap was in a liability position as of March 31, 2025. If a violation due to credit rating, or some other default provision, were triggered on March 31, 2025, the Company would have been required to pay the counterparty approximately \$485.

The interest rate swap will expire on October 1, 2029. Other than the interest rate swap, the Company has no other derivative instruments.

## **6. Fair Value of Financial Instruments**

The accounting standards regarding fair value measurements establish a fair value hierarchy which indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

The Company has recorded its interest rate swap liability at fair value in accordance with the standards. The liability is recorded under the caption “Other deferred credits” on the balance sheet. The table below illustrates the fair value of the interest rate swap as of the end of the reporting period.

<u>Description</u>	<u>March 31, 2025</u>	<b>Fair Value Measurements at Reporting Date Using <u>Significant Other Observable Inputs (Level 2)</u></b>
Interest Rate Swap	\$485	\$485

Fair values are measured as the present value of all expected future cash flows based on the swap yield curve as of the date of the valuation. These inputs to this calculation are deemed to be Level 2 inputs. The balance sheet carrying value reflects the Company’s credit quality as of March 31, 2025. The rate used in discounting all prospective cash flows anticipated to be made under this swap reflects a representation of the yield to maturity for 30-year debt on utilities rated A- as of March 31, 2025. The fair value of the swap reflecting the Company’s credit quality as of December 31, 2024 is shown in the table below.

<u>Description</u>	<u>December 31, 2024</u>	<b>Fair Value Measurements at Reporting Date Using <u>Significant Other Observable Inputs (Level 2)</u></b>
Interest Rate Swap	\$386	\$386

The carrying amount of current assets and liabilities that are considered financial instruments approximates fair value as of the dates presented. The Company’s total long-term debt, with a carrying value of \$214,213 at March 31, 2025, and \$208,178 at December 31, 2024, had an estimated fair value of approximately \$194,000 and \$189,000, respectively. The estimated fair value of debt was calculated using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration and risk profile. These inputs to this calculation are deemed to be Level 2 inputs. The Company recognized its credit rating in determining the yield curve and did not factor in third-party credit enhancements including the letter of credit on the 2008 Pennsylvania Economic Development Financing Authority Series A issue.

Customers’ advances for construction and note receivable had carrying values at March 31, 2025 of \$21,358 and \$255, respectively. At December 31, 2024, customers’ advances for construction and note receivable had carrying values of \$20,546 and \$255, respectively. The relative fair values of these amounts cannot be accurately estimated since the timing of future payment streams is dependent upon several factors, including new customer connections, customer consumption levels and future rate increases.

## 7. Commitments

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,987 and \$1,961 through March 31, 2025 and December 31, 2024, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,100. This estimate is subject to adjustment as more facts become available.

## 8. Revenue

The following table shows the Company's revenues disaggregated by service and customer type.

	<b>Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Water utility service:		
Residential	\$10,250	\$9,844
Commercial and industrial	4,936	4,656
Fire protection	1,190	1,081
Wastewater utility service:		
Residential	1,582	1,474
Commercial and industrial	345	316
Billing and revenue collection services	26	130
Collection services	3	6
Other revenue	10	7
Total Revenue from Contracts with Customers	18,342	17,514
Rents from regulated property	114	114
Total Operating Revenue	<u>\$18,456</u>	<u>\$17,628</u>

### Utility Service

The Company provides utility service as a distinct and single performance obligation to each of its water and wastewater customers. The transaction price is detailed in the tariff pursuant to an order by the PPUC and made publicly available. There is no variable consideration and no free service, special rates, or subnormal charges to any customer. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of utility service through a stand-ready obligation to perform and the transfer of water or the collection of wastewater through a series of distinct transactions that are identical in nature and have the same pattern of transfer to the customer. The Company uses an output method to recognize the utility service revenue over time. The stand-ready obligation is recognized through the passage of time in the form of a fixed charge and the transfer of water or the collection of wastewater is recognized at a per unit rate based on the actual or estimated flow through the meter. Each customer is invoiced every month and the invoice is due within twenty days. The utility service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for the passage of time and the actual or estimated usage from the latest meter reading to the end of the accounting period. The methodology is standardized and consistently applied to reduce bias and the need for judgment.

### Billing and Revenue Collection Service

The Company provides billing and revenue collection service as distinct performance obligations to two municipalities within the service territory of the Company. The municipalities provide service to their residents and the Company acts as the billing and revenue collection agent for the municipalities. The transaction price is a fixed amount per bill prepared as established in the contract. There is no variable consideration. Due to the fact that both the billing performance obligation and the revenue collection performance obligation are materially complete by the end of the reporting period, the Company does not allocate the transaction price between the two performance obligations. The performance obligations are satisfied at a point in time when the bills are sent as the municipalities receive all the benefits and bear all of the risk of non-collection at that time. Each municipality is invoiced when the bills are complete and the invoice is due within thirty days. The billing and revenue collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period.

### Collection Service

The Company provides collection service as a distinct and single performance obligation to several municipalities within the service territory of the Company. The municipalities provide wastewater service to their residents. If those residents are delinquent in paying for their wastewater service, the municipalities request that the Company post for and shut off the supply of water to the premises of those residents. When the resident is no longer delinquent, the Company will restore water service to the premises. The transaction price for each posting, each shut off, and each restoration is a fixed amount as established in the contract. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied at a point in time when the posting, shut off, or restoration is completed as the municipalities receive all the benefits in the form of payment or no longer providing wastewater service. Each municipality is invoiced periodically for the posting, shut offs, and restorations that have been completed since the last billing and the invoice is due within thirty days. The collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for postings, shut offs, and restorations that have been completed from the last billing to the end of the accounting period.

### Service Line Protection Plan

The Company provides service line protection as a distinct and single performance obligation to current water customers that choose to participate. The transaction price is detailed in the plan's terms and conditions and made publicly available. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of service line protection through a stand-ready obligation to perform. The Company uses an output method to recognize the service line protection revenue over time. The stand-ready obligation is recognized through the passage of time. A customer has a choice to prepay for an entire year or to pay in advance each month. The service line protection plan has no returns or extended warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no material performance obligations remain unsatisfied as of the end of the reporting period.

## **9. Rate Matters**

From time to time, the Company files applications for rate increases with the PPUC and is granted rate relief as a result of such requests. Most recently, the PPUC authorized an increase in rates effective March 1, 2023. The Company anticipates that it will file a rate increase request in 2025.

The PPUC permits water utilities to collect a distribution system improvement charge, or DSIC. The DSIC allows the Company to add a charge to customers' bills for qualified replacement costs of certain infrastructure without submitting a rate filing. This surcharge mechanism typically adjusts periodically based on additional qualified capital expenditures completed or anticipated in a future period. The DSIC is capped at 5% of base rates and is reset to zero when new base rates that reflect the costs of those additions become effective or when a utility's earnings exceed a regulatory benchmark. The Company's earnings are currently below the regulatory benchmark, thus allowing the Company to collect DSIC. The DSIC provided revenues of \$386 and \$0 for the three months ended March 31, 2025 and 2024, respectively.

## 10. Pensions

### Components of Net Periodic Pension Cost

	Three Months Ended March 31	
	2025	2024
Service cost	\$133	\$159
Interest cost	495	463
Expected return on plan assets	(767)	(791)
Amortization of prior service cost	(3)	(3)
Rate-regulated adjustment	142	561
Net periodic pension cost	<u>\$-</u>	<u>\$389</u>

Pension service cost is recorded in operating expenses. All other components of net periodic pension cost are recorded as other pension costs in other income (expenses).

### Employer Contributions

The Company previously disclosed in its financial statements for the year ended December 31, 2024 that it did not expect to contribute to its pension plans in 2025. For the three months ended March 31, 2025, no contributions have been made. The Company does not expect to contribute any amounts in the final three quarters of 2025.

## 11. Stock-Based Compensation

On May 2, 2016, the Company's stockholders approved The York Water Company Long-Term Incentive Plan, or LTIP. The LTIP was adopted to provide the incentive of long-term stock-based awards to officers, directors, and key employees. The LTIP provides for the granting of nonqualified stock options, incentive stock options, stock appreciation rights, performance restricted stock grants and units, restricted stock grants and units, and unrestricted stock grants. A maximum of 100,000 shares of common stock may be issued under the LTIP over the ten-year life of the plan. The maximum number of shares of common stock subject to awards that may be granted to any participant in any one calendar year is 2,000. Shares of common stock issued under the LTIP may be treasury shares or authorized but unissued shares. The LTIP will be administered by the Compensation Committee of the Board, or the full Board, provided that the full Board will administer the LTIP as it relates to awards to non-employee directors of the Company. The Company filed a registration statement with the Securities and Exchange Commission on May 11, 2016 covering the offering of stock under the LTIP. The LTIP was effective on July 1, 2016.

On November 25, 2024, the Board awarded stock to an officer effective January 1, 2025. This stock award vested immediately.

The restricted stock awards provide the grantee with the rights of a shareholder, including the right to receive dividends and to vote such shares, but not the right to sell or otherwise transfer the shares during the restriction period. As a result, the awards are included in common shares outstanding on the balance sheet. Restricted stock awards result in compensation expense valued at the fair market value of the stock on the date of the grant and are amortized ratably over the requisite service period.

The following tables summarize the stock grant amounts and activity for the three months ended March 31, 2025.

	<u>Number of Shares</u>	<u>Grant Date Weighted Average Fair Value</u>
Nonvested at beginning of the period	8,117	\$38.62
Granted	983	32.72
Vested	(983)	32.72
Forfeited	-	-
Nonvested at end of the period	<u>8,117</u>	\$38.62

For the three months ended March 31, 2025 and 2024, the statement of income includes \$72 and \$43 of stock-based compensation, respectively, and related recognized tax benefits of \$20 and \$12, respectively. Total stock-based compensation related to nonvested awards not yet recognized is \$313 at March 31, 2025, which will be recognized over the remaining three-year vesting period.

## 12. Income Taxes

Under the Internal Revenue Service tangible property regulations, or TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions.

The Company's effective tax rate was 11.5% and 12.2% for the three months ended March 31, 2025 and 2024, respectively. The effective tax rate will vary depending on income before income taxes and the level of eligible asset improvements expensed for tax purposes under TPR each period.

**Item 2. Management’s Discussion and Analysis of  
Financial Condition and Results of Operations.  
(In thousands of dollars, except per share amounts)**

**Forward-looking Statements**

Certain statements contained in this report on Form 10-Q constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “objective” and similar expressions are intended to identify forward-looking statements. These forward-looking statements include certain information relating to the Company’s business strategy and future prospects; including, but not limited to:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

The forward-looking statements in this report reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to the Company and speak only as of the date hereof. The Company does not intend to make a public announcement when forward-looking statements in this report are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather or climate, including drought conditions or extended periods of heavy precipitation;
- natural disasters, including pandemics and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

## General Information

The primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. The Company also owns and operates three wastewater collection systems and eleven wastewater collection and treatment systems. The Company operates within its franchised water and wastewater territory, which covers portions of 57 municipalities within four counties in south-central Pennsylvania. The Company is regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. The Company must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through the Company's own distribution system. The Company obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73.0 million gallons from a combined watershed area of approximately 117 square miles. The Company has two reservoirs on this primary system, Lake Williams and Lake Redman, which together hold up to approximately 2.5 billion gallons of water. The Company supplements these reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. The Company obtains its water supply for its system for Franklin County from the Roxbury Dam on the Conodoguinet Creek, which has an average daily flow of approximately 26.0 million gallons from a watershed area of approximately 33 square miles. The Company has a reservoir on this system which holds up to approximately 330 million gallons of water. The Company also owns fifteen wells which are capable of providing a safe yield of approximately 923,000 gallons per day to supply water to the customers of its groundwater satellite systems in York, Adams, and Lancaster Counties. As of March 31, 2025, the Company's average daily availability was 41.1 million gallons, and average daily consumption was approximately 23.7 million gallons. The Company's service territory had an estimated population of 212,000 as of December 31, 2024. Industry within the Company's service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

The Company's water business is somewhat dependent on weather conditions, particularly the amount and timing of precipitation. Revenues are particularly vulnerable to weather conditions in the summer months. Prolonged periods of hot and dry weather generally cause increased water usage for watering lawns, washing cars, and keeping golf courses and sports fields irrigated. Conversely, prolonged periods of dry weather could lead to drought restrictions from governmental authorities. Despite the Company's adequate water supply, customers may be required to cut back water usage under such drought restrictions which would negatively impact revenues. The Company has addressed some of this vulnerability by instituting minimum customer charges which are intended to cover fixed costs of operations under all likely weather conditions.

The Company's business does not require large amounts of working capital and is not dependent on any single customer or a very few customers for a material portion of its business. Increases in revenues are generally dependent on the Company's ability to obtain rate increases from the PPUC in a timely manner and in adequate amounts and to increase volumes of water sold through increased consumption and increases in the number of customers served. The Company continuously looks for water and wastewater acquisition and expansion opportunities both within and outside its current service territory as well as additional opportunities to enter into bulk water contracts with municipalities and other entities to supply water.

The Company has agreements with several municipalities to provide billing and collection services. The Company also has a service line protection program on a targeted basis in order to further diversify its business. Under this optional program, customers pay a fixed monthly fee, and the Company will repair or replace damaged customer service lines, as needed, subject to an annual maximum dollar amount. The Company continues to review and consider opportunities to expand both initiatives.

## Results of Operations

Three Months Ended March 31, 2025 Compared  
With Three Months Ended March 31, 2024

Net income for the first quarter of 2025 was \$3,638, a decrease of \$689, or 15.9%, from net income of \$4,327 for the same period of 2024. The primary contributing factors to the decrease were a lower allowance for funds used during construction, higher operating expenses, and higher interest on debt, which were partially offset by higher operating revenues and lower pension costs.

Operating revenues for the first quarter of 2025 increased \$828, or 4.7%, from \$17,628 for the three months ended March 31, 2024 to \$18,456 for the corresponding 2025 period. The primary reason for the increase was growth in the customer base. The average number of water customers served in 2025 increased as compared to 2024 by 1,238 customers, from 71,948 to 73,186 customers. The average number of wastewater customers served in 2025 increased as compared to 2024 by 358 customers, from 6,354 to 6,712 customers, primarily due to acquisitions. There was increased revenues from the distribution system improvement charge, or DSIC, allowed by the PPUC of \$386. The DSIC allows the Company to add a charge to customers' water bills for qualified replacement costs of certain infrastructure without submitting a rate filing. Total per capita consumption for 2025 was approximately 3.2% higher than the same period of last year. For the remainder of the year, the Company expects revenues to show a modest increase due to the revenues from the DSIC. An increase in the number of water and wastewater customers from acquisitions and growth within the Company's service territory are also expected to add to revenues. Other regulatory actions, weather patterns, and economic conditions could impact results.

Operating expenses for the first quarter of 2025 increased \$760, or 6.7%, from \$11,413 for the first quarter of 2024 to \$12,173 for the corresponding 2025 period. The increase was primarily due to higher expenses of approximately \$481 for depreciation and amortization, \$106 for distribution system maintenance, \$76 for water treatment, \$65 for wages and benefits, and \$56 for purchased power. Other operating expenses increased by a net of \$167. The increase was partially offset by reduced insurance expense of \$191. For the remainder of the year, the Company expects depreciation and amortization expense to continue to rise due to additional investment in utility plant, and other expenses to increase as costs to treat water and wastewater, and to maintain and extend the distribution system, continue to rise. Weather patterns could further increase operating expenses.

Interest on debt for the first quarter of 2025 increased \$296, or 13.9%, from \$2,123 for the first quarter of 2024 to \$2,419 for the corresponding 2025 period. The increase was primarily due to higher interest rates. The average debt outstanding under the line of credit was \$19,163 for the first quarter of 2025 and \$20,875 for the first quarter of 2024. The weighted average interest rate on the line of credit was 5.49% for the quarter ended March 31, 2025 and 4.08% for the quarter ended March 31, 2024. Interest expense for the remainder of the year is expected to increase due to the higher interest rates on long-term debt outstanding.

Allowance for funds used during construction decreased \$949, from \$1,134 in the first quarter of 2024 to \$185 in the corresponding 2025 period due to a lower volume of eligible construction. Allowance for funds used during construction for the remainder of the year is expected to increase based on a projected increase in the amount of eligible construction.

Other income (expenses), net for the first quarter of 2025 reflects increased expenses of \$5 as compared to the same period of 2024. The increase was primarily due to higher retirement expenses of approximately \$11, which were partially offset by higher earnings on life insurance policies of approximately \$5. Other expenses decreased by a net of \$1. For the remainder of the year, other income (expenses) will be largely determined by the change in market returns and discount rates for retirement programs and related assets.

Income tax expense for the first quarter of 2025 decreased \$130 as compared to the same period of 2024 due to lower taxable income. The Company's effective tax rate was 11.5% for the first quarter of 2025 and 12.2% for the first quarter of 2024. The Company's effective tax rate for the remainder of the 2025 will largely be determined by the level of eligible asset improvements expensed for tax purposes under Internal Revenue Service tangible property regulations, or TPR, each period. The Company expects the level to be higher in the remainder of the year than the first quarter, lowering the effective tax rate.

## **Rate Matters**

See Note 9 to the financial statements included herein for a discussion of rate matters.

Effective April 1, 2025, the Company's tariff included a DSIC on revenues of 3.19%.

The Company expects to file a rate increase request in 2025.

## **Acquisitions and Growth**

On January 24, 2025, the Company signed an agreement to purchase the water assets of Eagle View Manufactured Housing Community in Berwick Township, Adams County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 140 water customers.

On June 27, 2024, the Company signed an agreement to purchase the wastewater collection and treatment assets of CMV Sewage Co., Inc. in Chanceford Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 280 wastewater customers.

On February 7, 2024, the Company signed an agreement to purchase the wastewater collection assets of Margareta Mobile Home Park in Lower Windsor Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 65 wastewater customers.

In total, these acquisitions are expected to be immaterial to Company results. The Company is also pursuing other bulk water contracts and acquisitions in and around its service territory to help offset any potential declines in per capita water consumption and to grow its business.

## **Capital Expenditures**

For the three months ended March 31, 2025, the Company invested \$9,280 in construction expenditures for main extensions and an upgrade to the enterprise software system, as well as various replacements and improvements to infrastructure and routine items. The Company was able to fund construction expenditures using internally-generated funds, line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions from developers, municipalities, customers, or builders.

The Company anticipates construction expenditures for the remainder of 2025 of approximately \$36,700 exclusive of any potential acquisitions not yet approved. In addition to routine transmission and distribution projects, a portion of the anticipated expenditures will be for additional main extensions, wastewater treatment plant construction, and an upgrade to the enterprise software system, as well as various replacements and improvements to infrastructure and routine items. The Company intends to use primarily internally-generated funds for its anticipated construction and fund the remainder through line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions. Customer advances and contributions are expected to account for between 5% and 10% of funding requirements during the remainder of 2025. The Company believes it will have adequate credit facilities and access to the capital markets, if necessary, during 2025, to fund anticipated construction and acquisition expenditures.

## **Liquidity and Capital Resources**

### **Cash**

The Company manages its cash through a cash management account that is directly connected to its line of credit. Excess cash generated automatically pays down outstanding borrowings under the line of credit arrangement. If there are no outstanding borrowings, the cash is used as an earnings credit to reduce banking fees. Likewise, if additional funds are needed beyond what is generated internally for payroll, to pay suppliers, to fund capital expenditures, or to pay debt service, funds are automatically borrowed under the line of credit. As of March 31, 2025, the Company borrowed \$21,843 on its line of credit and incurred a cash overdraft on its cash management account of \$958. The cash management facility connected to the line of credit is expected to provide the necessary liquidity and funding for the Company's operations, capital expenditures, and acquisitions for the foreseeable future.

### **Accounts Receivable**

The accounts receivable balance tends to follow the change in revenues but is also affected by the timeliness of payments by customers and the level of the reserve for doubtful accounts. In the three months ended March 31, 2025, slightly lower revenue levels as compared to the three months ended December 31, 2024, resulted in a slight decrease in accounts receivable – customers. A reserve is maintained at a level considered adequate to provide for expected credit losses. Expected credit losses are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer's ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. Customer accounts are written off when collection efforts have been exhausted. If the status of the evaluated factors deteriorate, the Company may incur additional expenses for uncollectible accounts and experience a reduction in its internally-generated funds.

### **Internally-generated Funds**

The amount of internally-generated funds available for operations and construction depends on the Company's ability to obtain timely and adequate rate relief, changes in regulations including taxes, customers' water usage, weather conditions, customer growth and controlled expenses. During the first three months of 2025, the Company generated \$6,005 internally from operations as compared to the \$6,138 it generated during the first three months of 2024. The decrease was primarily due to higher interest and income taxes paid.

### **Common Stock**

Common stockholders' equity as a percent of the total capitalization was 52.0% as of March 31, 2025, compared with 52.6% as of December 31, 2024. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward until it approaches fifty percent before considering additional equity. It is the Company's general intent to target equity between fifty and fifty-five percent of total capitalization.

The Company has an effective "shelf" Registration Statement on Form S-3 on file with the Securities and Exchange Commission, pursuant to which the Company may offer an aggregate remaining amount of up to \$60,000 of its common stock or debt securities subject to market conditions at the time of any such offering.

### **Credit Line**

Historically, the Company has borrowed under its line of credit before refinancing with long-term debt or equity capital. As of March 31, 2025, the Company maintained an unsecured line of credit in the amount of \$50,000 at an interest rate of the Secured Overnight Financing Rate plus 1.17% with an unused commitment fee and an interest rate floor. The Company had \$21,843 in borrowings under its line of credit as of March 31, 2025. The interest rate on the line of credit borrowing as of March 31, 2025 was 5.49%. The Company expects to extend the maturity for this line of credit into 2027 under similar terms and conditions.

The Company has taken steps to manage the risk of reduced credit availability. It has established a committed line of credit with a 2-year revolving maturity that cannot be called on demand. There is no guarantee that the Company will be able to obtain sufficient lines of credit with favorable terms in the future. If the Company is unable to obtain sufficient lines of credit or to refinance its line of credit borrowings with long-term debt or equity when necessary, it may have to eliminate or postpone capital expenditures. Management believes the Company will have adequate capacity under its current line of credit to meet anticipated financing needs throughout 2025.

### **Long-term Debt**

The Company's loan agreements contain various covenants and restrictions. Management believes it is currently in compliance with all of these restrictions. See Note 6 to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for additional information regarding these restrictions.

The Company's total long-term debt as a percentage of the total capitalization, defined as total common stockholders' equity plus total long-term debt, was 48.0% as of March 31, 2025, compared with 47.4% as of December 31, 2024. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward. A debt to total capitalization ratio between forty-five and fifty percent has historically been acceptable to the PPUC in rate filings.

### **Income Taxes, Deferred Income Taxes and Uncertain Tax Positions**

Under the IRS TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions. The Company expects to continue to expense these asset improvements in the future.

The Company's effective tax rate will largely be determined by income before income taxes and the level of eligible asset improvements expensed for tax purposes that would have been capitalized for tax purposes prior to the implementation of TPR.

The Company has a substantial deferred income tax asset primarily due to the excess accumulated deferred income taxes on accelerated depreciation from the Tax Cuts and Jobs Act of 2017 and the differences between the book and tax balances of the customers' advances for construction and contributions in aid of construction and deferred compensation plans. The Company does not believe a valuation allowance is required due to the expected generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has seen an increase in its deferred income tax liability amounts primarily as a result of the accelerated depreciation deduction available for federal tax purposes which creates differences between book and tax depreciation expense. The Company expects this trend to continue as it makes significant investments in capital expenditures subject to accelerated depreciation or TPR.

The Company has determined there are no uncertain tax positions that require recognition as of March 31, 2025.

### **Credit Rating**

On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's ability to maintain its credit rating depends, among other things, on adequate and timely rate relief, which it has been successful in obtaining, its ability to fund capital expenditures in a balanced manner using both debt and equity and its ability to generate cash flow. The Company's objectives are to continue to maximize its funds provided by operations and maintain a strong capital structure in order to be able to attract capital.

### **Physical and Cyber Security**

The Company maintains security measures at its facilities, and collaborates with federal, state, and local authorities and industry trade associations regarding information on possible threats and security measures for water and wastewater utility operations. The costs incurred are expected to be recoverable in water and wastewater rates and are not expected to have a material impact on its business, financial condition, or results of operations.

The Company relies on information technology systems in connection with the operation of the business, especially with respect to customer service, billing, accounting, and in some cases, the monitoring and operation of treatment, storage, and pumping facilities. In addition, the Company relies on these systems to track utility assets and to manage maintenance and construction projects, materials and supplies, and human resource functions. The information technology systems may be vulnerable to damage or interruption from cyber security attacks or other cyber-related events, including, but not limited to, power loss, computer systems failures, internet, telecommunications or data network failures, physical and electronic loss of data, computer viruses, intentional security breaches, hacking, denial of service actions, misappropriation of data, and similar events. In some cases, administration of certain functions may be outsourced to third-party service providers that could also be targets of cyber security attacks. A loss of these systems, or major problems with the operation of these systems, could harm the business, financial condition, and results of operations of the Company through the loss or compromise of customer, financial, employee, or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems, and delays in financial reporting and other normal management functions.

Possible impacts associated with a cyber security attack or other events may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on the Company's compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation, and reputational damage.

The Company has implemented processes, procedures, and controls to prevent or limit the effect of these possible events and maintains insurance to help defray costs associated with cyber security attacks. The Company has not experienced a material impact on business or operations from these attacks. Although the Company does not believe its systems are at a materially greater risk of cyber security attacks than other similar organizations and despite the implementation of robust security measures, the Company cannot provide assurance that the insurance will fully cover the costs of a cyber security event, and its robust security measures do not guarantee that reputation and financial results will not be adversely affected by such an incident.

## **Environmental Matters**

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,987 and \$1,961 through March 31, 2025 and December 31, 2024, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,100. This estimate is subject to adjustment as more facts become available.

## **Drought**

On April 2, 2025, Pennsylvania state officials maintained a drought watch for all four counties in the Company's service territory. The watch calls for a voluntary reduction in nonessential water use of 5 to 10 percent. The watch conditions could potentially impact future revenues and net income depending on the length and severity of the dry conditions.

## **Critical Accounting Estimates**

The methods, estimates, and judgments the Company used in applying its accounting policies have a significant impact on the results reported in its financial statements. The Company's accounting policies require management to make subjective judgments because of the need to make estimates of matters that are inherently uncertain. The Company's most critical accounting estimates include regulatory assets and liabilities, revenue recognition, accounting for its pension plans, and income taxes. There has been no significant change in accounting estimates or the method of estimation during the quarter ended March 31, 2025.

### **Off-Balance Sheet Arrangements**

The Company does not use off-balance sheet transactions, arrangements or obligations that may have a material current or future effect on financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses. The Company does not use securitization of receivables or unconsolidated entities. For risk management purposes, the Company uses a derivative financial instrument, an interest rate swap agreement discussed in Note 5 to the financial statements included herein. The Company does not engage in trading or other risk management activities, does not use other derivative financial instruments for any purpose, has no material lease obligations, no guarantees and does not have material transactions involving related parties.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Company's President and Chief Executive Officer along with the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report are effective such that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 5. Other Information.**

During the quarter ended March 31, 2025, no director or officer of the Company, nor the Company itself, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>3</u></a>	<a href="#"><u>Amended and Restated Articles of Incorporation. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2010.</u></a>
<a href="#"><u>3.1</u></a>	<a href="#"><u>Amended and Restated By-Laws. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2012.</u></a>
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### THE YORK WATER COMPANY

Date: May 6, 2025

/s/ Joseph T. Hand  
Joseph T. Hand  
Principal Executive Officer

Date: May 6, 2025

/s/ Matthew E. Poff  
Matthew E. Poff  
Principal Financial and Accounting Officer

**EXHIBIT 31.1  
CERTIFICATIONS**

I, Joseph T. Hand, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ Joseph T. Hand  
Joseph T. Hand  
President and CEO

**EXHIBIT 31.2  
CERTIFICATIONS**

I, Matthew E. Poff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph T. Hand, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: May 6, 2025

/s/ Joseph T. Hand  
Joseph T. Hand  
Chief Executive Officer

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew E. Poff, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: May 6, 2025

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2024
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34245

**THE YORK WATER COMPANY**

(Exact name of registrant as specified in its charter)



Pennsylvania  
(State or other jurisdiction of incorporation or organization)

23-1242500  
(I.R.S. Employer Identification No.)

130 East Market Street, York, Pennsylvania  
(Address of principal executive offices)

17401  
(Zip Code)

Registrant's telephone number, including area code (717) 845-3601

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, No par value  
(Title of Class)

YORW  
(Trading Symbol)

The Nasdaq Global Select Market  
(Name of Each Exchange on Which Registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, No par value

14,374,163 Shares outstanding  
as of November 7, 2024

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**THE YORK WATER COMPANY**

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Balance Sheets (Unaudited)**  
**(In thousands of dollars, except per share amounts)**

	<b>Sep. 30, 2024</b>	<b>Dec. 31, 2023</b>
<b>ASSETS</b>		
UTILITY PLANT, at original cost	\$ 653,263	\$ 620,201
Plant acquisition adjustments	(9,437)	(9,384)
Accumulated depreciation	<u>(122,158)</u>	<u>(117,113)</u>
Net utility plant	<u>521,668</u>	<u>493,704</u>
OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$526 in 2024 and \$501 in 2023	 <u>1,544</u>	 <u>1,569</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	1	1
Accounts receivable, net of reserves of \$1,455 in 2024 and \$1,005 in 2023	7,712	7,837
Unbilled revenues	3,490	3,484
Recoverable income taxes	-	332
Materials and supplies inventories, at cost	3,775	3,109
Prepaid expenses	<u>1,776</u>	<u>821</u>
Total current assets	<u>16,754</u>	<u>15,584</u>
<b>OTHER LONG-TERM ASSETS:</b>		
Prepaid pension cost	24,006	23,380
Note receivable	255	255
Deferred regulatory assets	52,110	48,949
Other assets	<u>5,083</u>	<u>4,764</u>
Total other long-term assets	<u>81,454</u>	<u>77,348</u>
<b>Total Assets</b>	 <b><u>\$ 621,420</u></b>	 <b><u>\$ 588,205</u></b>

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Balance Sheets (Unaudited) (In thousands of dollars, except per share amounts)

	Sep. 30, 2024	Dec. 31, 2023
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>		
<b>COMMON STOCKHOLDERS' EQUITY:</b>		
Common stock, no par value, authorized 46,500,000 shares, issued and outstanding 14,371,929 shares in 2024 and 14,332,245 shares in 2023	\$ 137,576	\$ 136,174
Retained earnings	91,112	85,004
Total common stockholders' equity	228,688	221,178
PREFERRED STOCK, authorized 500,000 shares, no shares issued	-	-
LONG-TERM DEBT	198,439	180,007
COMMITMENTS	-	-
<b>CURRENT LIABILITIES:</b>		
Accounts payable	11,503	10,873
Dividends payable	2,780	2,754
Accrued compensation and benefits	1,744	1,629
Accrued income taxes	336	-
Accrued interest	1,326	1,741
Deferred regulatory liabilities	809	644
Other accrued expenses	511	502
Total current liabilities	19,009	18,143
<b>DEFERRED CREDITS:</b>		
Customers' advances for construction	20,939	18,853
Deferred income taxes	58,964	55,235
Deferred employee benefits	3,719	3,847
Deferred regulatory liabilities	43,124	42,989
Other deferred credits	650	632
Total deferred credits	127,396	121,556
Contributions in aid of construction	47,888	47,321
<b>Total Stockholders' Equity and Liabilities</b>	<b>\$ 621,420</b>	<b>\$ 588,205</b>

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Statements of Income (Unaudited) (In thousands of dollars, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
OPERATING REVENUES:	\$ 19,715	\$ 18,767	\$ 56,093	\$ 52,935
OPERATING EXPENSES:				
Operation and maintenance	4,961	4,471	14,635	12,688
Administrative and general	3,013	2,605	9,244	8,028
Depreciation and amortization	3,297	2,944	9,647	8,777
Taxes other than income taxes	389	314	1,235	1,075
	11,660	10,334	34,761	30,568
Operating income	8,055	8,433	21,332	22,367
OTHER INCOME (EXPENSES):				
Interest on debt	(2,243)	(1,850)	(6,549)	(5,041)
Allowance for funds used during construction	301	1,131	1,782	2,724
Other pension costs	159	(239)	365	(842)
Other income (expenses), net	(51)	(68)	(266)	(368)
	(1,834)	(1,026)	(4,668)	(3,527)
Income before income taxes	6,221	7,407	16,664	18,840
Income tax expense (benefit)	358	(161)	1,481	1,095
	358	(161)	1,481	1,095
<b>Net Income</b>	<b>\$ 5,863</b>	<b>\$ 7,568</b>	<b>\$ 15,183</b>	<b>\$ 17,745</b>
<b>Basic Earnings Per Share</b>	<b>\$ 0.41</b>	<b>\$ 0.53</b>	<b>\$ 1.06</b>	<b>\$ 1.24</b>
<b>Diluted Earnings Per Share</b>	<b>\$ 0.41</b>	<b>\$ 0.53</b>	<b>\$ 1.06</b>	<b>\$ 1.24</b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Common Stockholders' Equity (Unaudited)**

(In thousands of dollars, except per share amounts)

For the Periods Ended September 30, 2024 and 2023

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, June 30, 2024	14,361,225	\$ 137,138	\$ 88,277	\$ 225,415
Net income	-	-	5,863	5,863
Cash dividends declared, \$0.2108 per share	-	-	(3,028)	(3,028)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	10,704	390	-	390
Stock-based compensation	-	48	-	48
Balance, September 30, 2024	<u>14,371,929</u>	<u>\$ 137,576</u>	<u>\$ 91,112</u>	<u>\$ 228,688</u>
Balance, December 31, 2023	14,332,245	\$ 136,174	\$ 85,004	\$ 221,178
Net income	-	-	15,183	15,183
Cash dividends declared, \$0.6324 per share	-	-	(9,075)	(9,075)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	34,327	1,214	-	1,214
Stock-based compensation	5,357	188	-	188
Balance, September 30, 2024	<u>14,371,929</u>	<u>\$ 137,576</u>	<u>\$ 91,112</u>	<u>\$ 228,688</u>

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, June 30, 2023	14,309,160	\$ 135,199	\$ 77,345	\$ 212,544
Net income	-	-	7,568	7,568
Cash dividends declared, \$0.2027 per share	-	-	(2,901)	(2,901)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	11,577	438	-	438
Stock-based compensation	-	58	-	58
Balance, September 30, 2023	<u>14,320,737</u>	<u>\$ 135,695</u>	<u>\$ 82,012</u>	<u>\$ 217,707</u>
Balance, December 31, 2022	14,285,584	\$ 134,220	\$ 72,963	\$ 207,183
Net income	-	-	17,745	17,745
Cash dividends declared, \$0.6081 per share	-	-	(8,696)	(8,696)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	31,039	1,258	-	1,258
Stock-based compensation	4,114	217	-	217
Balance, September 30, 2023	<u>14,320,737</u>	<u>\$ 135,695</u>	<u>\$ 82,012</u>	<u>\$ 217,707</u>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Cash Flows (Unaudited)**  
(In thousands of dollars, except per share amounts)

	<b>Nine Months</b>	
	<b>Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 15,183	\$ 17,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,647	8,777
Stock-based compensation	188	217
Increase in deferred income taxes	124	757
Other	111	(750)
Changes in assets and liabilities:		
Increase in accounts receivable and unbilled revenues	(638)	(929)
Decrease in recoverable income taxes	332	304
Increase in materials and supplies, prepaid expenses, prepaid pension cost, regulatory and other assets	(7,662)	(8,365)
Increase in accounts payable, accrued compensation and benefits, accrued expenses, deferred employee benefits, regulatory liabilities, and other deferred credits	3,185	4,988
Increase (decrease) in accrued interest and taxes	(79)	663
Net cash provided by operating activities	<u>20,391</u>	<u>23,407</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Utility plant additions, including debt portion of allowance for funds used during construction of \$996 in 2024 and \$1,522 in 2023	(32,993)	(46,342)
Acquisitions of water and wastewater systems	(264)	(35)
Net cash used in investing activities	<u>(33,257)</u>	<u>(46,377)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Customers' advances for construction and contributions in aid of construction	3,042	3,434
Repayments of customer advances	(452)	(240)
Proceeds of long-term debt issues	71,764	85,643
Debt issuance costs	(167)	(171)
Repayments of long-term debt	(53,305)	(57,303)
Changes in cash overdraft position	(181)	(966)
Issuance of common stock	1,214	1,258
Dividends paid	(9,049)	(8,685)
Net cash provided by financing activities	<u>12,866</u>	<u>22,970</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	1	1
Cash and cash equivalents at end of period	<u>\$ 1</u>	<u>\$ 1</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 5,924	\$ 2,734
Income taxes	629	-

Supplemental disclosure of non-cash investing and financing activities:

Accounts payable includes \$7,334 in 2024 and \$7,017 in 2023 for the construction of utility plant.  
Contributions in aid of construction includes \$63 recorded as part of the MESCO, Inc. acquisition.

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Notes to Interim Financial Statements (In thousands of dollars, except per share amounts)

#### 1. Basis of Presentation

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of results for such periods. Because the financial statements cover an interim period, they do not include all disclosures and notes normally provided in annual financial statements, and therefore, should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

#### 2. Acquisitions

On January 31, 2024, the Company completed the acquisition of the wastewater collection and treatment assets of MESCO, Inc. in Monaghan Township, York County, Pennsylvania. The Company began operating the existing wastewater collection and treatment assets on February 1, 2024. The acquisition resulted in the addition of approximately 180 wastewater customers with purchase price and acquisition costs of approximately \$44, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$110 and will seek approval from the Pennsylvania Public Utility Commission, or PPUC, to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On February 21, 2024, the Company completed the acquisition of the water assets of Longstown Mobile Estates in Windsor Township, York County, Pennsylvania. The Company began operating the existing water system through an interconnection with its current distribution system on February 26, 2024. The acquisition resulted in the addition of approximately 90 water customers with purchase price and acquisition costs of approximately \$8, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$2 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. These customers were previously served by the Company through a single customer connection to the mobile home park. This acquisition is immaterial to Company results.

On September 26, 2024, the Company completed the acquisition of the water assets of Houston Run Community Water System, LLC in Salisbury Township, Lancaster County, Pennsylvania. The Company began operating the existing water assets on September 30, 2024. The acquisition resulted in the addition of approximately 15 water customers with purchase price and acquisition costs of approximately \$212. This acquisition is immaterial to Company results.

### 3. Accounts Receivable and Contract Assets

Accounts receivable and contract assets are summarized in the following table:

	<u>As of</u> <u>Sep. 30, 2024</u>	<u>As of</u> <u>Dec. 31, 2023</u>	<u>Change</u>
Accounts receivable – customers	\$8,677	\$8,250	\$427
Other receivables	490	592	(102)
	<u>9,167</u>	<u>8,842</u>	<u>325</u>
Less: allowance for doubtful accounts	(1,455)	(1,005)	(450)
Accounts receivable, net	<u>\$7,712</u>	<u>\$7,837</u>	<u>\$(125)</u>
Unbilled revenue	<u>\$3,490</u>	<u>\$3,484</u>	<u>\$6</u>

Differences in timing of revenue recognition, billings, and cash collections result in receivables, which are contract assets. Generally, billing occurs subsequent to revenue recognition, resulting in unbilled revenue on the balance sheet, which is also a contract asset. The Company does not receive advances or deposits from customers before revenue is recognized so no contract liabilities are reported. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately on the balance sheet. The changes in accounts receivable – customers and in unbilled revenue were primarily due to the normal timing difference between performance and the customer’s payments.

### 4. Common Stock and Earnings Per Share

Net income of \$5,863 and \$7,568 for the three months ended September 30, 2024 and 2023, respectively, and \$15,183 and \$17,745 for the nine months ended September 30, 2024 and 2023, respectively, is used to calculate both basic and diluted earnings per share. Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding plus potentially dilutive shares. The dilutive effect of employee stock-based compensation is included in the computation of diluted earnings per share and is calculated using the treasury stock method and expected proceeds upon exercise or issuance of the stock-based compensation.

The following table summarizes the shares used in computing basic and diluted earnings per share:

	<u>Three Months</u> <u>Ended September 30</u>		<u>Nine Months</u> <u>Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Weighted average common shares, basic	14,354,021	14,300,995	14,339,876	14,288,580
Effect of dilutive securities:				
Employee stock-based compensation	821	834	211	305
Weighted average common shares, diluted	<u>14,354,842</u>	<u>14,301,829</u>	<u>14,340,087</u>	<u>14,288,885</u>

On March 11, 2013, the Board of Directors, or the Board, authorized a share repurchase program granting the Company authority to repurchase up to 1,200,000 shares of the Company’s common stock from time to time. The stock repurchase program has no specific end date and the Company may repurchase shares in the open market or through privately negotiated transactions. The Company may suspend or discontinue the repurchase program at any time. No shares were repurchased during the three or nine months ended September 30, 2024 and 2023. As of September 30, 2024, 618,004 shares remain authorized for repurchase.

## 5. Debt

	<u>As of</u> <u>Sep. 30, 2024</u>	<u>As of</u> <u>Dec. 31, 2023</u>
Variable Rate Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series 2008A, due 2029	\$12,000	\$12,000
3.00% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series A of 2019, due 2036	10,500	10,500
3.10% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series B of 2019, due 2038	14,870	14,870
3.23% Senior Notes, due 2040	15,000	15,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045	10,000	10,000
4.54% Senior Notes, due 2049	20,000	20,000
3.24% Senior Notes, due 2050	30,000	30,000
5.50% Senior Notes, due 2053	40,000	40,000
5.67% Senior Notes, due 2054	40,000	-
Committed Line of Credit, due September 2026	8,732	30,273
Total long-term debt	<u>201,102</u>	<u>182,643</u>
Less discount on issuance of long-term debt	(138)	(147)
Less unamortized debt issuance costs	<u>(2,525)</u>	<u>(2,489)</u>
Long-term portion	<u>\$198,439</u>	<u>\$180,007</u>

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

## 6. Interest Rate Swap Agreement

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. The Company utilizes an interest rate swap agreement to effectively convert the Company's \$12,000 variable-rate debt issue to a fixed rate. Interest rate swaps are contracts in which a series of interest rate cash flows are exchanged over a prescribed period. The notional amount on which the interest payments are based (\$12,000) is not exchanged. The interest rate swap provides that the Company pays the counterparty a fixed interest rate of 3.16% on the notional amount of \$12,000. In exchange, the counterparty paid the Company a variable interest rate based on 59% of the U.S. Dollar one-month LIBOR rate on the notional amount. The variable interest rate changed to 59% of the daily simple Secured Overnight Financing Rate plus a spread adjustment of 11.448 basis points upon the discontinuance of LIBOR in 2023. The intent is for the variable rate received from the swap counterparty to approximate the variable rate the Company pays to bondholders on its variable rate debt issue, resulting in a fixed rate being paid to the swap counterparty and reducing the Company's interest rate risk. The Company's net payment rate on the swap averaged (0.03)% and 0.01% for the three months ended September 30, 2024 and 2023, respectively, and (0.04)% and 0.20% for the nine months ended September 30, 2024 and 2023, respectively.

The interest rate swap agreement is classified as a financial derivative used for non-trading activities. The accounting standards regarding accounting for derivatives and hedging activities require companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. In accordance with the standards, the interest rate swap is recorded on the balance sheet in other deferred credits at fair value (see Note 7).

The Company uses regulatory accounting treatment rather than hedge accounting to defer the unrealized gains and losses on its interest rate swap. These unrealized gains and losses are recorded as a regulatory asset or regulatory liability. Based on current ratemaking treatment, the Company expects the unrealized gains and losses to be recognized in rates as a component of interest expense as the swap settlements occur. Swap settlements are recorded in the income statement with the hedged item as interest expense. Swap settlements resulted in the reclassification from regulatory assets to interest expense of \$(1) and \$0 for the three months ended September 30, 2024 and 2023, respectively, and \$(3) and \$19 for the nine months ended September 30, 2024 and 2023, respectively. The overall swap result was a (gain) loss of \$252 and \$(211) for the three months ended September 30, 2024 and 2023, respectively, and \$15 and \$(351) for the nine months ended September 30, 2024 and 2023, respectively. The Company expects to reclassify \$101 before tax from regulatory assets to interest expense as a result of swap settlements over the next 12 months.

The interest rate swap agreement contains provisions that require the Company to maintain a credit rating of at least BBB- with Standard & Poor's. If the Company's rating were to fall below this rating, it would be in violation of these provisions, and the counterparty to the derivative could request immediate payment if the derivative was in a liability position. On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's interest rate swap was in a liability position as of September 30, 2024. If a violation due to credit rating, or some other default provision, were triggered on September 30, 2024, the Company would have been required to pay the counterparty approximately \$658.

The interest rate swap will expire on October 1, 2029. Other than the interest rate swap, the Company has no other derivative instruments.

## 7. Fair Value of Financial Instruments

The accounting standards regarding fair value measurements establish a fair value hierarchy which indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

The Company has recorded its interest rate swap liability at fair value in accordance with the standards. The liability is recorded under the caption "Other deferred credits" on the balance sheet. The table below illustrates the fair value of the interest rate swap as of the end of the reporting period.

<u>Description</u>	<b>Fair Value Measurements at Reporting Date Using</b>	
	<u>September 30, 2024</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Interest Rate Swap	\$650	\$650

Fair values are measured as the present value of all expected future cash flows based on the swap yield curve as of the date of the valuation. These inputs to this calculation are deemed to be Level 2 inputs. The balance sheet carrying value reflects the Company's credit quality as of September 30, 2024. The rate used in discounting all prospective cash flows anticipated to be made under this swap reflects a representation of the yield to maturity for 30-year debt on utilities rated A- as of September 30, 2024. The use of the Company's credit rating resulted in a reduction in the fair value of the swap liability of \$8 as of September 30, 2024. The fair value of the swap reflecting the Company's credit quality as of December 31, 2023 is shown in the table below.

<u>Description</u>	<b>Fair Value Measurements at Reporting Date Using</b>	
	<u>December 31, 2023</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Interest Rate Swap	\$632	\$632

The carrying amount of current assets and liabilities that are considered financial instruments approximates fair value as of the dates presented. The Company's total long-term debt, with a carrying value of \$201,102 at September 30, 2024, and \$182,643 at December 31, 2023, had an estimated fair value of approximately \$190,000 and \$175,000, respectively. The estimated fair value of debt was calculated using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration and risk profile. These inputs to this calculation are deemed to be Level 2 inputs. The Company recognized its credit rating in determining the yield curve and did not factor in third-party credit enhancements including the letter of credit on the 2008 Pennsylvania Economic Development Financing Authority Series A issue.

Customers' advances for construction and note receivable had carrying values at September 30, 2024 of \$20,939 and \$255, respectively. At December 31, 2023, customers' advances for construction and note receivable had carrying values of \$18,853 and \$255, respectively. The relative fair values of these amounts cannot be accurately estimated since the timing of future payment streams is dependent upon several factors, including new customer connections, customer consumption levels and future rate increases.

## 8. Commitments

The Company committed to capital expenditures of approximately \$40,170 to armor and replace the spillway of the Lake Williams dam, of which \$820 remains to be incurred as of September 30, 2024. The Company may make additional commitments for this project in the future.

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,921 and \$1,762 through September 30, 2024 and December 31, 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

## 9. Revenue

The following table shows the Company's revenues disaggregated by service and customer type.

	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	2024	2023	2024	2023
Water utility service:				
Residential	\$10,887	\$10,505	\$31,153	\$30,033
Commercial and industrial	5,527	5,244	15,292	14,341
Fire protection	1,156	1,040	3,360	3,022
Wastewater utility service:				
Residential	1,578	1,458	4,554	3,998
Commercial and industrial	301	255	969	743
Billing and revenue collection services	121	115	373	357
Collection services	25	12	28	28
Other revenue	6	14	22	38
Total Revenue from Contracts with Customers	<u>19,601</u>	<u>18,643</u>	<u>55,751</u>	<u>52,560</u>
Rents from regulated property	114	124	342	375
Total Operating Revenue	<u>\$19,715</u>	<u>\$18,767</u>	<u>\$56,093</u>	<u>\$52,935</u>

### Utility Service

The Company provides utility service as a distinct and single performance obligation to each of its water and wastewater customers. The transaction price is detailed in the tariff pursuant to an order by the PPUC and made publicly available. There is no variable consideration and no free service, special rates, or subnormal charges to any customer. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of utility service through a stand-ready obligation to perform and the transfer of water or the collection of wastewater through a series of distinct transactions that are identical in nature and have the same pattern of transfer to the customer. The Company uses an output method to recognize the utility service revenue over time. The stand-ready obligation is recognized through the passage of time in the form of a fixed charge and the transfer of water or the collection of wastewater is recognized at a per unit rate based on the actual or estimated flow through the meter. Each customer is invoiced every month and the invoice is due within twenty days. The utility service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for the passage of time and the actual or estimated usage from the latest meter reading to the end of the accounting period. The methodology is standardized and consistently applied to reduce bias and the need for judgment.

### Billing and Revenue Collection Service

The Company provides billing and revenue collection service as distinct performance obligations to three municipalities within the service territory of the Company. The municipalities provide service to their residents and the Company acts as the billing and revenue collection agent for the municipalities. The transaction price is a fixed amount per bill prepared as established in the contract. There is no variable consideration. Due to the fact that both the billing performance obligation and the revenue collection performance obligation are materially complete by the end of the reporting period, the Company does not allocate the transaction price between the two performance obligations. The performance obligations are satisfied at a point in time when the bills are sent as the municipalities receive all the benefits and bear all of the risk of non-collection at that time. Each municipality is invoiced when the bills are complete and the invoice is due within thirty days. The billing and revenue collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period.

### Collection Service

The Company provides collection service as a distinct and single performance obligation to several municipalities within the service territory of the Company. The municipalities provide wastewater service to their residents. If those residents are delinquent in paying for their wastewater service, the municipalities request that the Company post for and shut off the supply of water to the premises of those residents. When the resident is no longer delinquent, the Company will restore water service to the premises. The transaction price for each posting, each shut off, and each restoration is a fixed amount as established in the contract. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied at a point in time when the posting, shut off, or restoration is completed as the municipalities receive all the benefits in the form of payment or no longer providing wastewater service. Each municipality is invoiced periodically for the posting, shut offs, and restorations that have been completed since the last billing and the invoice is due within thirty days. The collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for postings, shut offs, and restorations that have been completed from the last billing to the end of the accounting period.

### Service Line Protection Plan

The Company provides service line protection as a distinct and single performance obligation to current water customers that choose to participate. The transaction price is detailed in the plan's terms and conditions and made publicly available. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of service line protection through a stand-ready obligation to perform. The Company uses an output method to recognize the service line protection revenue over time. The stand-ready obligation is recognized through the passage of time. A customer has a choice to prepay for an entire year or to pay in advance each month. The service line protection plan has no returns or extended warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no material performance obligations remain unsatisfied as of the end of the reporting period.

## 10. Rate Matters

From time to time, the Company files applications for rate increases with the PPUC and is granted rate relief as a result of such requests. The most recent rate request was filed by the Company on May 27, 2022 and sought an annual increase in water rates of \$18,854 and an annual increase in wastewater rates of \$1,457. Effective March 1, 2023, the PPUC authorized an increase in water rates designed to produce approximately \$11,600 in additional annual revenues and an increase in wastewater rates designed to produce approximately \$1,900 in additional annual revenues.

The PPUC permits water utilities to collect a distribution system improvement charge, or DSIC. The DSIC allows the Company to add a charge to customers' bills for qualified replacement costs of certain infrastructure without submitting a rate filing. This surcharge mechanism typically adjusts periodically based on additional qualified capital expenditures completed or anticipated in a future period. The DSIC is capped at 5% of base rates and is reset to zero when new base rates that reflect the costs of those additions become effective or when a utility's earnings exceed a regulatory benchmark. The Company's earnings are currently below the regulatory benchmark, thus allowing the Company to collect DSIC. The DSIC provided revenues of \$131 and \$0 for the three months ended September 30, 2024 and 2023, respectively, and \$165 and \$271 for the nine months ended September 30, 2024 and 2023, respectively.

## 11. Pensions

### Components of Net Periodic Pension Cost

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Service cost	\$159	\$150	\$476	\$449
Interest cost	464	469	1,392	1,407
Expected return on plan assets	(791)	(903)	(2,374)	(2,709)
Amortization of prior service cost	(4)	(4)	(10)	(10)
Rate-regulated adjustment	172	677	627	2,154
Net periodic pension cost	<u>\$-</u>	<u>\$389</u>	<u>\$111</u>	<u>\$1,291</u>

Pension service cost is recorded in operating expenses. All other components of net periodic pension cost are recorded as other pension costs in other income (expenses).

## **Employer Contributions**

The Company previously disclosed in its financial statements for the year ended December 31, 2023 that it expected to contribute \$1,556 to its pension plans in 2024. Subsequently, the Company determined its maximum deductible contribution under the Internal Revenue Code is \$111. The most recent rate order issued by the PPUC limited the deposit to the pension plans to the deductible amount. The Company is permitted by the rate order to expense pension costs to the extent of contributions and defer any remaining expense to regulatory assets or recognize the excess as a regulatory liability. For the nine months ended September 30, 2024, contributions of \$111 have been made. The Company does not expect to contribute any additional amounts in the final quarter of 2024.

## **12. Stock-Based Compensation**

On May 2, 2016, the Company's stockholders approved The York Water Company Long-Term Incentive Plan, or LTIP. The LTIP was adopted to provide the incentive of long-term stock-based awards to officers, directors, and key employees. The LTIP provides for the granting of nonqualified stock options, incentive stock options, stock appreciation rights, performance restricted stock grants and units, restricted stock grants and units, and unrestricted stock grants. A maximum of 100,000 shares of common stock may be issued under the LTIP over the ten-year life of the plan. The maximum number of shares of common stock subject to awards that may be granted to any participant in any one calendar year is 2,000. Shares of common stock issued under the LTIP may be treasury shares or authorized but unissued shares. The LTIP will be administered by the Compensation Committee of the Board, or the full Board, provided that the full Board will administer the LTIP as it relates to awards to non-employee directors of the Company. The Company filed a registration statement with the Securities and Exchange Commission on May 11, 2016 covering the offering of stock under the LTIP. The LTIP was effective on July 1, 2016.

On May 1, 2023, the Board accelerated the vesting period for restricted stock granted in 2021, 2022, and 2023 to one retiring key employee from three years to that key employee's 2024 retirement date, which has been fully recognized as of March 31, 2024.

On January 29, 2024, the Board accelerated the vesting period for restricted stock granted in 2022 and 2023 to one retiring officer from three years to that officer's 2024 retirement date, which has been fully recognized as of September 30, 2024.

On May 6, 2024, the Board awarded stock to non-employee directors effective May 6, 2024. This stock award vested immediately. On May 6, 2024, the Compensation Committee awarded restricted stock to officers and key employees effective May 6, 2024. The stock award vests ratably over three years beginning May 6, 2024, with the exception of the stock award to one key employee which vested immediately. The Board accelerated the vesting period for this restricted stock award to one retiring officer from three years to that officer's 2024 retirement date, which has been fully recognized as of September 30, 2024.

The restricted stock awards provide the grantee with the rights of a shareholder, including the right to receive dividends and to vote such shares, but not the right to sell or otherwise transfer the shares during the restriction period. As a result, the awards are included in common shares outstanding on the balance sheet. Restricted stock awards result in compensation expense valued at the fair market value of the stock on the date of the grant and are amortized ratably over the requisite service period.

The following tables summarize the stock grant amounts and activity for the nine months ended September 30, 2024.

	<u>Number of Shares</u>	<u>Grant Date Weighted Average Fair Value</u>
Nonvested at beginning of the period	8,944	\$42.32
Granted	6,149	\$36.76
Vested	(6,184)	\$41.67
Forfeited	<u>(792)</u>	\$42.20
Nonvested at end of the period	<u>8,117</u>	\$38.62

For the three months ended September 30, 2024 and 2023, the statement of income includes \$48 and \$58 of stock-based compensation, respectively, and related recognized tax benefits of \$13 and \$16, respectively. For the nine months ended September 30, 2024 and 2023, the statement of income includes \$188 and \$217 of stock-based compensation, respectively, and related recognized tax benefits of \$52 and \$61, respectively. The total fair value of the shares vested in the nine months ended September 30, 2024 and 2023 was \$258 and \$260, respectively. Total stock-based compensation related to nonvested awards not yet recognized is \$313 at September 30, 2024, which will be recognized over the remaining three year vesting period.

### 13. Income Taxes

Under the Internal Revenue Service tangible property regulations, or TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions.

The Company's effective tax rate was 5.8% and (2.2)% for the three months ended September 30, 2024 and 2023, respectively, and 8.9% and 5.8% for the nine months ended September 30, 2024 and 2023, respectively. The higher effective tax rates are primarily due to lower deductions from the TPR. The effective tax rate will vary depending on income before income taxes and the level of eligible asset improvements expensed for tax purposes under TPR each period.

**Item 2. Management’s Discussion and Analysis of  
Financial Condition and Results of Operations.  
(In thousands of dollars, except per share amounts)**

**Forward-looking Statements**

Certain statements contained in this report on Form 10-Q constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “objective” and similar expressions are intended to identify forward-looking statements. These forward-looking statements include certain information relating to the Company’s business strategy and future prospects; including, but not limited to:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

The forward-looking statements in this report reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to the Company and speak only as of the date hereof. The Company does not intend to make a public announcement when forward-looking statements in this report are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather or climate, including drought conditions or extended periods of heavy precipitation;
- natural disasters, including pandemics such as the outbreak of the novel strain of coronavirus known as “COVID-19” and its variants and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

## General Information

The primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. The Company also owns and operates three wastewater collection systems and ten wastewater collection and treatment systems. The Company operates within its franchised water and wastewater territory, which covers portions of 57 municipalities within four counties in south-central Pennsylvania. The Company is regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. The Company must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through the Company's own distribution system. The Company obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73.0 million gallons from a combined watershed area of approximately 117 square miles. The Company has two reservoirs on this primary system, Lake Williams and Lake Redman, which together hold up to approximately 2.5 billion gallons of water. The Company supplements these reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. The Company obtains its water supply for its system for Franklin County from the Roxbury Dam on the Conodoguinet Creek, which has an average daily flow of approximately 26.0 million gallons from a watershed area of approximately 33 square miles. The Company has a reservoir on this system which holds up to approximately 330 million gallons of water. The Company also owns fifteen wells which are capable of providing a safe yield of approximately 923,000 gallons per day to supply water to the customers of its groundwater satellite systems in York, Adams, and Lancaster Counties. As of September 30, 2024, the Company's average daily availability was 41.1 million gallons, and average daily consumption was approximately 22.4 million gallons. The Company's service territory had an estimated population of 209,000 as of December 31, 2023. Industry within the Company's service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

The Company's water business is somewhat dependent on weather conditions, particularly the amount and timing of precipitation. Revenues are particularly vulnerable to weather conditions in the summer months. Prolonged periods of hot and dry weather generally cause increased water usage for watering lawns, washing cars, and keeping golf courses and sports fields irrigated. Conversely, prolonged periods of dry weather could lead to drought restrictions from governmental authorities. Despite the Company's adequate water supply, customers may be required to cut back water usage under such drought restrictions which would negatively impact revenues. The Company has addressed some of this vulnerability by instituting minimum customer charges which are intended to cover fixed costs of operations under all likely weather conditions.

The Company's business does not require large amounts of working capital and is not dependent on any single customer or a very few customers for a material portion of its business. Increases in revenues are generally dependent on the Company's ability to obtain rate increases from the PPUC in a timely manner and in adequate amounts and to increase volumes of water sold through increased consumption and increases in the number of customers served. The Company continuously looks for water and wastewater acquisition and expansion opportunities both within and outside its current service territory as well as additional opportunities to enter into bulk water contracts with municipalities and other entities to supply water.

The Company has agreements with several municipalities to provide billing and collection services. The Company also has a service line protection program on a targeted basis in order to further diversify its business. Under this optional program, customers pay a fixed monthly fee, and the Company will repair or replace damaged customer service lines, as needed, subject to an annual maximum dollar amount. The Company continues to review and consider opportunities to expand both initiatives.

## Results of Operations

Three Months Ended September 30, 2024 Compared  
With Three Months Ended September 30, 2023

Net income for the third quarter of 2024 was \$5,863, a decrease of \$1,705, or 22.5%, from net income of \$7,568 for the same period of 2023. The primary contributing factors to the decrease were higher operating expenses, a lower allowance for funds used during construction, and higher income taxes, which were partially offset by higher operating revenues.

Operating revenues for the third quarter of 2024 increased \$948 or 5.1%, from \$18,767 for the three months ended September 30, 2023 to \$19,715 for the corresponding 2024 period. The increase was primarily due to revenues from the distribution system improvement charge, or DSIC, allowed by the PPUC of \$131. The DSIC allows the Company to add a charge to customers' water bills for qualified replacement costs of certain infrastructure without submitting a rate filing. Growth in the customer base also added to revenues. The average number of water customers served in 2024 increased as compared to 2023 by 1,062 customers, from 71,521 to 72,583 customers. The average number of wastewater customers served in 2024 increased as compared to 2023 by 567 customers, from 6,018 to 6,585 customers, primarily due to acquisitions. Total per capita consumption for the third quarter of 2024 was approximately 0.9% higher than the same period of last year.

Operating expenses for the third quarter of 2024 increased \$1,326, or 12.8%, from \$10,334 for the third quarter of 2023 to \$11,660 for the corresponding 2024 period. The increase was primarily due to higher expenses of approximately \$353 for depreciation and amortization, \$303 for wages and benefits, \$203 for wastewater treatment, \$153 for insurance, \$140 for an increased allowance for uncollectible accounts, \$101 for water treatment, and \$78 for purchased power. Other operating expenses increased by a net of \$169. The increase was partially offset by reduced fuel expenses of \$174 for the prior year pumping of raw water from the Susquehanna River, not repeated this year.

Interest on debt for the third quarter of 2024 increased \$393, or 21.2%, from \$1,850 for the third quarter of 2023 to \$2,243 for the corresponding 2024 period. The increase was primarily due to an increase in long-term debt outstanding and higher interest rates upon issuance of the 5.67% Senior Notes. The average debt outstanding under the line of credit was \$6,201 for the third quarter of 2024 and \$15,350 for the third quarter of 2023. The weighted average interest rate on the line of credit was 6.47% for the quarter ended September 30, 2024 and 6.42% for the quarter ended September 30, 2023.

Allowance for funds used during construction decreased \$830, from \$1,131 in the third quarter of 2023 to \$301 in the corresponding 2024 period due to a lower volume of eligible construction.

Other pension costs for the third quarter of 2024 reflect decreased expense of \$398 as compared to the same period of 2023 due to a lower contribution to the pension plans.

Other income (expenses), net for the third quarter of 2024 reflects decreased expenses of \$17 as compared to the same period of 2023. Higher earnings on life insurance policies of approximately \$7 were the primary reason for the increase. Other expenses decreased by a net of \$10.

Income tax expense for the third quarter of 2024 increased \$519 as compared to the same period of 2023 due to lower deductions for the Internal Revenue Service, or IRS, tangible property regulations, or TPR. The Company's effective tax rate was 5.8% for the third quarter of 2024 and (2.2)% for the third quarter of 2023.

Nine Months Ended September 30, 2024 Compared  
With Nine Months Ended September 30, 2023

Net income for the first nine months of 2024 was \$15,183, a decrease of \$2,562, or 14.4%, from net income of \$17,745 for the same period of 2023. The primary contributing factors to the decrease were higher operating expenses, higher interest on debt, and a lower allowance for funds used during construction, which were partially offset by higher operating revenues and lower pension costs.

Operating revenues for the first nine months of 2024 increased \$3,158, or 6.0%, from \$52,935 for the nine months ended September 30, 2023 to \$56,093 for the corresponding 2024 period. The primary reason for the increase was a rate increase effective March 1, 2023. Growth in the customer base also added to revenues. The average number of water customers served in 2024 increased as compared to 2023 by 955 customers, from 71,323 to 72,278 customers. The average number of wastewater customers served in 2024 increased as compared to 2023 by 528 customers, from 5,951 to 6,479 customers, primarily due to acquisitions. The increased revenues were partially offset by a \$106 decrease from the DSIC. The DSIC reset to zero on March 1, 2023 when the new rate order took effect and began again in June 2024 for bills rendered after July 1, 2024. Total per capita consumption for 2024 was approximately 1.3% lower than the same period of last year. For the remainder of the year, the Company expects revenues to show a modest increase due to the DSIC and an increase in the number of water and wastewater customers from acquisitions and growth within the Company's service territory. Other regulatory actions, weather patterns, and economic conditions could impact results.

Operating expenses for the first nine months of 2024 increased \$4,193, or 13.7%, from \$30,568 for the first nine months of 2023 to \$34,761 for the corresponding 2024 period. The increase was primarily due to higher expenses of approximately \$870 for depreciation and amortization, \$819 for wages and benefits, \$748 for distribution system maintenance, \$498 for wastewater treatment, \$440 for an increased allowance for uncollectible accounts, \$196 for purchased power, \$154 for water treatment, \$97 for insurance, and \$67 for billing and revenue collection services. Other operating expenses increased by a net of \$474. The increase was partially offset by reduced fuel expenses of \$170 for the prior year pumping of raw water from the Susquehanna River, not repeated this year. For the remainder of the year, the Company expects depreciation and amortization expense to continue to rise due to additional investment in utility plant, and other expenses to increase as costs to treat water and wastewater, and to maintain and extend the distribution system, continue to rise. Weather patterns could further increase operating expenses.

Interest on debt for the first nine months of 2024 increased \$1,508, or 29.9%, from \$5,041 for the first nine months of 2023 to \$6,549 for the corresponding 2024 period. The increase was primarily due to an increase in long-term debt outstanding and higher interest rates upon issuance of the 5.67% Senior Notes. The average debt outstanding under the line of credit was \$9,252 for the first nine months of 2024 and \$13,603 for the first nine months of 2023. The weighted average interest rate on the line of credit was 5.02% for the nine months ended September 30, 2024 and 4.97% for the nine months ended September 30, 2023. Interest expense for the remainder of the year is expected to increase due to the increase in long-term debt outstanding.

Allowance for funds used during construction decreased \$942, from \$2,724 in the first nine months of 2023 to \$1,782 in the corresponding 2024 period due to a lower volume of eligible construction. Allowance for funds used during construction for the remainder of the year is expected to decrease based on the completion of the Lake Williams dam project and a projected decrease in the amount of eligible construction.

Other pension costs for the first nine months of 2024 reflect decreased expense of \$1,207 as compared to the same period of 2023 due to a lower contribution to the pension plans. No additional expense is expected to be recorded in 2024.

Other income (expenses), net for the first nine months of 2024 reflects decreased expenses of \$102 as compared to the same period of 2023. Higher earnings on life insurance policies of approximately \$90 was the primary reason for the decrease. Other expenses decreased by a net of \$12. For the remainder of the year, other income (expenses) will be largely determined by the change in market returns and discount rates for retirement programs and related assets.

Income tax expense for the first nine months of 2024 increased \$386 as compared to the same period of 2023 due to lower deductions for the IRS TPR. The Company's effective tax rate was 8.9% for the first nine months of 2024 and 5.8% for the first nine months of 2023. The Company's effective tax rate for the remainder of 2024 will be largely determined by the level of eligible asset improvements expensed for tax purposes under the IRS TPR each period. The Company expects the effective tax rate to remain consistent with the first nine months for the remainder of the year.

## **Rate Matters**

See Note 10 to the financial statements included herein for a discussion of rate matters.

Effective October 1, 2024, the Company's tariff included a DSIC on revenues of 1.14%.

The Company does not expect to file a rate increase request in 2024.

## **Acquisitions and Growth**

On June 27, 2024, the Company signed an agreement to purchase the wastewater collection and treatment assets of CMV Sewage Co., Inc. in Chanceford Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 280 wastewater customers.

On February 7, 2024, the Company signed an agreement to purchase the wastewater collection assets of Margareta Mobile Home Park in Lower Windsor Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 65 wastewater customers.

On July 17, 2023, the Company signed an agreement to purchase the wastewater collection and treatment assets of York Haven Sewer Authority in York Haven Borough, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the fourth quarter of 2024 at which time the Company will add approximately 230 wastewater customers.

On May 23, 2023, the Company signed an agreement to purchase the Brookhaven Mobile Home Park water assets of ATG Properties, LLC in Hellam Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the fourth quarter of 2024 at which time the Company will add approximately 150 water customers.

On March 27, 2023, the Company signed an agreement to purchase the water assets of Pine Run Retirement Community in Hamilton Township, Adams County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the fourth quarter of 2024 at which time the Company will add approximately 100 water customers.

In total, these acquisitions are expected to be immaterial to Company results. The Company is also pursuing other bulk water contracts and acquisitions in and around its service territory to help offset any potential declines in per capita water consumption and to grow its business.

On May 10, 2017, the Company signed an emergency interconnect agreement with Dallastown-Yoe Water Authority. The effectiveness of this agreement is contingent upon receiving approval from all required regulatory authorities. Approval is expected to be granted in 2025 at which time the Company will begin construction of a water main extension to a single point of interconnection and either supply a minimum agreed upon amount of water to the authority, receive a payment in lieu of water, or provide water during an emergency, at current tariff rates.

## **Capital Expenditures**

For the nine months ended September 30, 2024, the Company invested \$32,993 in construction expenditures for armoring and replacing the spillway of the Lake Williams dam, wastewater treatment plant construction, as well as various replacements and improvements to infrastructure and routine items. The Company was able to fund construction expenditures using internally-generated funds, line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions from developers, municipalities, customers, or builders.

The Company anticipates construction expenditures for the remainder of 2024 of approximately \$9,700 exclusive of any potential acquisitions not yet approved. In addition to routine transmission and distribution projects, a portion of the anticipated expenditures will be for completion of armoring and replacing the spillway of the Lake Williams dam and additional main extensions, as well as various replacements and improvements to infrastructure and routine items. The Company intends to use primarily internally-generated funds for its anticipated construction and fund the remainder through line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions. Customer advances and contributions are expected to account for between 5% and 10% of funding requirements during the remainder of 2024. The Company believes it will have adequate credit facilities and access to the capital markets, if necessary, during 2024 and 2025, to fund anticipated construction and acquisition expenditures.

## **Liquidity and Capital Resources**

### **Cash**

The Company manages its cash through a cash management account that is directly connected to its line of credit. Excess cash generated automatically pays down outstanding borrowings under the line of credit arrangement. If there are no outstanding borrowings, the cash is used as an earnings credit to reduce banking fees. Likewise, if additional funds are needed beyond what is generated internally for payroll, to pay suppliers, to fund capital expenditures, or to pay debt service, funds are automatically borrowed under the line of credit. As of September 30, 2024, the Company borrowed \$8,732 on its line of credit and incurred a cash overdraft on its cash management account of \$1,366. The cash management facility connected to the line of credit is expected to provide the necessary liquidity and funding for the Company's operations, capital expenditures, and acquisitions for the foreseeable future.

### **Accounts Receivable**

The accounts receivable balance tends to follow the change in revenues but is also affected by the timeliness of payments by customers and the level of the reserve for doubtful accounts. In the three months ended September 30, 2024, higher revenue levels as compared to the three months ended December 31, 2023, resulted in an increase in accounts receivable – customers. A reserve is maintained at a level considered adequate to provide for expected credit losses. Expected credit losses are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer's ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. Customer accounts are written off when collection efforts have been exhausted. If the status of the evaluated factors deteriorate, the Company may incur additional expenses for uncollectible accounts and experience a reduction in its internally-generated funds.

### **Internally-generated Funds**

The amount of internally-generated funds available for operations and construction depends on the Company's ability to obtain timely and adequate rate relief, changes in regulations including taxes, customers' water usage, weather conditions, customer growth and controlled expenses. During the first nine months of 2024, the Company generated \$20,391 internally from operations as compared to the \$23,407 it generated during the first nine months of 2023. The decrease was primarily due to higher interest and income taxes paid.

### **Common Stock**

Common stockholders' equity as a percent of the total capitalization was 53.2% as of September 30, 2024, compared with 54.8% as of December 31, 2023. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward until it approaches fifty percent before considering additional equity. It is the Company's general intent to target equity between fifty and fifty-five percent of total capitalization.

**Credit Line**

Historically, the Company has borrowed under its line of credit before refinancing with long-term debt or equity capital. As of September 30, 2024, the Company maintained an unsecured line of credit in the amount of \$50,000 at an interest rate of the Secured Overnight Financing Rate plus 1.17% with an unused commitment fee and an interest rate floor. The Company had \$8,732 in borrowings under its line of credit as of September 30, 2024. The interest rate on the line of credit borrowing as of September 30, 2024 was 6.37%. In the third quarter of 2024, the Company renewed its committed line of credit and extended the maturity date to September 2026. No other terms or conditions of the line of credit agreement were modified.

The Company has taken steps to manage the risk of reduced credit availability. It has established a committed line of credit with a 2-year revolving maturity that cannot be called on demand. There is no guarantee that the Company will be able to obtain sufficient lines of credit with favorable terms in the future. If the Company is unable to obtain sufficient lines of credit or to refinance its line of credit borrowings with long-term debt or equity when necessary, it may have to eliminate or postpone capital expenditures. Management believes the Company will have adequate capacity under its current line of credit to meet anticipated financing needs throughout 2024 and 2025.

**Long-term Debt**

The Company's loan agreements contain various covenants and restrictions. Management believes it is currently in compliance with all of these restrictions. See Note 6 to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding these restrictions.

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

The Company's total long-term debt as a percentage of the total capitalization, defined as total common stockholders' equity plus total long-term debt, was 46.8% as of September 30, 2024, compared with 45.2% as of December 31, 2023. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward. A debt to total capitalization ratio between forty-five and fifty percent has historically been acceptable to the PPUC in rate filings.

**Income Taxes, Deferred Income Taxes and Uncertain Tax Positions**

Under the IRS TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions. The Company expects to continue to expense these asset improvements in the future.

The Company's effective tax rate will largely be determined by income before income taxes and the level of eligible asset improvements expensed for tax purposes that would have been capitalized for tax purposes prior to the implementation of TPR.

The Company has a substantial deferred income tax asset primarily due to the excess accumulated deferred income taxes on accelerated depreciation from the Tax Cuts and Jobs Act of 2017 and the differences between the book and tax balances of the customers' advances for construction and contributions in aid of construction and deferred compensation plans. The Company does not believe a valuation allowance is required due to the expected generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has seen an increase in its deferred income tax liability amounts primarily as a result of the accelerated depreciation deduction available for federal tax purposes which creates differences between book and tax depreciation expense. The Company expects this trend to continue as it makes significant investments in capital expenditures subject to accelerated depreciation or TPR.

The Company has determined there are no uncertain tax positions that require recognition as of September 30, 2024.

### **Credit Rating**

On August 6, 2024, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's ability to maintain its credit rating depends, among other things, on adequate and timely rate relief, which it has been successful in obtaining, its ability to fund capital expenditures in a balanced manner using both debt and equity and its ability to generate cash flow. The Company's objectives are to continue to maximize its funds provided by operations and maintain a strong capital structure in order to be able to attract capital.

### **Physical and Cyber Security**

The Company maintains security measures at its facilities, and collaborates with federal, state, and local authorities and industry trade associations regarding information on possible threats and security measures for water and wastewater utility operations. The costs incurred are expected to be recoverable in water and wastewater rates and are not expected to have a material impact on its business, financial condition, or results of operations.

The Company relies on information technology systems in connection with the operation of the business, especially with respect to customer service, billing, accounting, and in some cases, the monitoring and operation of treatment, storage, and pumping facilities. In addition, the Company relies on these systems to track utility assets and to manage maintenance and construction projects, materials and supplies, and human resource functions. The information technology systems may be vulnerable to damage or interruption from cyber security attacks or other cyber-related events, including, but not limited to, power loss, computer systems failures, internet, telecommunications or data network failures, physical and electronic loss of data, computer viruses, intentional security breaches, hacking, denial of service actions, misappropriation of data, and similar events. In some cases, administration of certain functions may be outsourced to third-party service providers that could also be targets of cyber security attacks. A loss of these systems, or major problems with the operation of these systems, could harm the business, financial condition, and results of operations of the Company through the loss or compromise of customer, financial, employee, or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems, and delays in financial reporting and other normal management functions.

Possible impacts associated with a cyber security attack or other events may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on the Company's compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation, and reputational damage.

The Company has implemented processes, procedures, and controls to prevent or limit the effect of these possible events and maintains insurance to help defray costs associated with cyber security attacks. The Company has not experienced a material impact on business or operations from these attacks. Although the Company does not believe its systems are at a materially greater risk of cyber security attacks than other similar organizations and despite the implementation of robust security measures, the Company cannot provide assurance that the insurance will fully cover the costs of a cyber security event, and its robust security measures do not guarantee that reputation and financial results will not be adversely affected by such an incident.

## **Environmental Matters**

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,921 and \$1,762 through September 30, 2024 and December 31, 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

## **Drought**

On March 6, 2024, Pennsylvania state officials returned all counties to normal status.

On November 1, 2024, Pennsylvania state officials declared a drought watch for 33 counties in Pennsylvania, including all four counties in the Company's service territory. The watch calls for a voluntary reduction in nonessential water use of 5 to 10 percent. The watch conditions could potentially impact future revenues and net income depending on the length and severity of the dry conditions.

## **Critical Accounting Estimates**

The methods, estimates, and judgments the Company used in applying its accounting policies have a significant impact on the results reported in its financial statements. The Company's accounting policies require management to make subjective judgments because of the need to make estimates of matters that are inherently uncertain. The Company's most critical accounting estimates include regulatory assets and liabilities, revenue recognition, accounting for its pension plans, and income taxes. There has been no significant change in accounting estimates or the method of estimation during the quarter ended September 30, 2024.

## **Off-Balance Sheet Arrangements**

The Company does not use off-balance sheet transactions, arrangements or obligations that may have a material current or future effect on financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses. The Company does not use securitization of receivables or unconsolidated entities. For risk management purposes, the Company uses a derivative financial instrument, an interest rate swap agreement discussed in Note 6 to the financial statements included herein. The Company does not engage in trading or other risk management activities, does not use other derivative financial instruments for any purpose, has no material lease obligations, no guarantees and does not have material transactions involving related parties.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Company's President and Chief Executive Officer along with the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report are effective such that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 5. Other Information.**

During the quarter ended September 30, 2024, no director or officer of the Company, nor the Company itself, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>3</u></a>	<a href="#"><u>Amended and Restated Articles of Incorporation. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2010.</u></a>
<a href="#"><u>3.1</u></a>	<a href="#"><u>Amended and Restated By-Laws. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2012.</u></a>
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### THE YORK WATER COMPANY

Date: November 7, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
Principal Executive Officer

Date: November 7, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Principal Financial and Accounting Officer

**EXHIBIT 31.1  
CERTIFICATIONS**

I, Joseph T. Hand, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
President and CEO

**EXHIBIT 31.2**  
**CERTIFICATIONS**

I, Matthew E. Poff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph T. Hand, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: November 7, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
Chief Executive Officer

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew E. Poff, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: November 7, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34245

**THE YORK WATER COMPANY**

(Exact name of registrant as specified in its charter)



Pennsylvania  
(State or other jurisdiction of incorporation or organization)

23-1242500  
(I.R.S. Employer Identification No.)

130 East Market Street, York, Pennsylvania  
(Address of principal executive offices)

17401  
(Zip Code)

Registrant's telephone number, including area code (717) 845-3601

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, No par value  
(Title of Class)

YORW  
(Trading Symbol)

The Nasdaq Global Select Market  
(Name of Each Exchange on Which Registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, No par value

14,362,103 Shares outstanding  
as of August 2, 2024

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**THE YORK WATER COMPANY**

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Balance Sheets (Unaudited)**  
**(In thousands of dollars, except per share amounts)**

	<b>Jun. 30, 2024</b>	<b>Dec. 31, 2023</b>
<b>ASSETS</b>		
UTILITY PLANT, at original cost	\$ 641,188	\$ 620,201
Plant acquisition adjustments	(9,457)	(9,384)
Accumulated depreciation	<u>(119,681)</u>	<u>(117,113)</u>
Net utility plant	<u>512,050</u>	<u>493,704</u>
OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$520 in 2024 and \$501 in 2023	 <u>1,550</u>	 <u>1,569</u>
CURRENT ASSETS:		
Cash and cash equivalents	1	1
Accounts receivable, net of reserves of \$1,305 in 2024 and \$1,005 in 2023	7,649	7,837
Unbilled revenues	3,741	3,484
Recoverable income taxes	-	332
Materials and supplies inventories, at cost	3,584	3,109
Prepaid expenses	<u>1,569</u>	<u>821</u>
Total current assets	<u>16,544</u>	<u>15,584</u>
OTHER LONG-TERM ASSETS:		
Prepaid pension cost	24,112	23,380
Note receivable	255	255
Deferred regulatory assets	50,872	48,949
Other assets	<u>4,996</u>	<u>4,764</u>
Total other long-term assets	<u>80,235</u>	<u>77,348</u>
<b>Total Assets</b>	 <b><u>\$ 610,379</u></b>	 <b><u>\$ 588,205</u></b>

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Balance Sheets (Unaudited) (In thousands of dollars, except per share amounts)

	Jun. 30, 2024	Dec. 31, 2023
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>		
<b>COMMON STOCKHOLDERS' EQUITY:</b>		
Common stock, no par value, authorized 46,500,000 shares, issued and outstanding 14,361,225 shares in 2024 and 14,332,245 shares in 2023	\$ 137,138	\$ 136,174
Retained earnings	<u>88,277</u>	<u>85,004</u>
Total common stockholders' equity	<u>225,415</u>	<u>221,178</u>
PREFERRED STOCK, authorized 500,000 shares, no shares issued	-	-
LONG-TERM DEBT	<u>191,121</u>	<u>180,007</u>
COMMITMENTS	-	-
<b>CURRENT LIABILITIES:</b>		
Accounts payable	12,955	10,873
Dividends payable	2,761	2,754
Accrued compensation and benefits	1,599	1,629
Accrued income taxes	230	-
Accrued interest	2,492	1,741
Deferred regulatory liabilities	754	644
Other accrued expenses	<u>441</u>	<u>502</u>
Total current liabilities	<u>21,232</u>	<u>18,143</u>
<b>DEFERRED CREDITS:</b>		
Customers' advances for construction	20,498	18,853
Deferred income taxes	57,469	55,235
Deferred employee benefits	3,726	3,847
Deferred regulatory liabilities	43,116	42,989
Other deferred credits	<u>397</u>	<u>632</u>
Total deferred credits	<u>125,206</u>	<u>121,556</u>
Contributions in aid of construction	<u>47,405</u>	<u>47,321</u>
<b>Total Stockholders' Equity and Liabilities</b>	<b><u>\$ 610,379</u></b>	<b><u>\$ 588,205</u></b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Income (Unaudited)**  
(In thousands of dollars, except per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
OPERATING REVENUES:	\$ 18,750	\$ 18,767	\$ 36,378	\$ 34,168
OPERATING EXPENSES:				
Operation and maintenance	4,862	4,105	9,674	8,217
Administrative and general	3,157	2,757	6,231	5,423
Depreciation and amortization	3,267	3,019	6,350	5,833
Taxes other than income taxes	402	370	846	761
	11,688	10,251	23,101	20,234
Operating income	7,062	8,516	13,277	13,934
OTHER INCOME (EXPENSES):				
Interest on debt	(2,183)	(1,678)	(4,306)	(3,191)
Allowance for funds used during construction	347	844	1,481	1,593
Other pension costs	436	(239)	206	(603)
Other income (expenses), net	(148)	(206)	(215)	(300)
	(1,548)	(1,279)	(2,834)	(2,501)
Income before income taxes	5,514	7,237	10,443	11,433
Income tax expense	521	713	1,123	1,256
<b>Net Income</b>	<b>\$ 4,993</b>	<b>\$ 6,524</b>	<b>\$ 9,320</b>	<b>\$ 10,177</b>
<b>Basic Earnings Per Share</b>	<b>\$ 0.35</b>	<b>\$ 0.45</b>	<b>\$ 0.65</b>	<b>\$ 0.71</b>
<b>Diluted Earnings Per Share</b>	<b>\$ 0.35</b>	<b>\$ 0.45</b>	<b>\$ 0.65</b>	<b>\$ 0.71</b>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Common Stockholders' Equity (Unaudited)**  
**(In thousands of dollars, except per share amounts)**  
**For the Periods Ended June 30, 2024 and 2023**

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, March 31, 2024	14,343,500	\$ 136,622	\$ 86,309	\$ 222,931
Net income	-	-	4,993	4,993
Cash dividends declared, \$0.2108 per share	-	-	(3,025)	(3,025)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	11,855	419	-	419
Stock-based compensation	5,870	97	-	97
Balance, June 30, 2024	<u>14,361,225</u>	<u>\$ 137,138</u>	<u>\$ 88,277</u>	<u>\$ 225,415</u>
Balance, December 31, 2023	14,332,245	\$ 136,174	\$ 85,004	\$ 221,178
Net income	-	-	9,320	9,320
Cash dividends declared, \$0.4216 per share	-	-	(6,047)	(6,047)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	23,623	824	-	824
Stock-based compensation	5,357	140	-	140
Balance, June 30, 2024	<u>14,361,225</u>	<u>\$ 137,138</u>	<u>\$ 88,277</u>	<u>\$ 225,415</u>
	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance, March 31, 2023	14,294,898	\$ 134,679	\$ 73,719	\$ 208,398
Net income	-	-	6,524	6,524
Cash dividends declared, \$0.2027 per share	-	-	(2,898)	(2,898)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	10,148	415	-	415
Stock-based compensation	4,114	105	-	105
Balance, June 30, 2023	<u>14,309,160</u>	<u>\$ 135,199</u>	<u>\$ 77,345</u>	<u>\$ 212,544</u>
Balance, December 31, 2022	14,285,584	\$ 134,220	\$ 72,963	\$ 207,183
Net income	-	-	10,177	10,177
Cash dividends declared, \$0.4054 per share	-	-	(5,795)	(5,795)
Issuance of common stock under dividend reinvestment, direct stock and employee stock purchase plans	19,462	820	-	820
Stock-based compensation	4,114	159	-	159
Balance, June 30, 2023	<u>14,309,160</u>	<u>\$ 135,199</u>	<u>\$ 77,345</u>	<u>\$ 212,544</u>

The accompanying notes are an integral part of these statements.

**THE YORK WATER COMPANY**

**Statements of Cash Flows (Unaudited)**  
**(In thousands of dollars, except per share amounts)**

	<b>Six Months</b>	
	<b>Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 9,320	\$ 10,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,350	5,833
Stock-based compensation	140	159
Increase in deferred income taxes	220	694
Other	(73)	(425)
Changes in assets and liabilities:		
Increase in accounts receivable and unbilled revenues	(557)	(162)
Decrease in recoverable income taxes	332	516
Increase in materials and supplies, prepaid expenses, prepaid pension cost, regulatory and other assets	(5,316)	(5,284)
Increase in accounts payable, accrued compensation and benefits, accrued expenses, deferred employee benefits, regulatory liabilities, and other deferred credits	1,444	2,315
Increase in accrued interest and taxes	981	773
Net cash provided by operating activities	<u>12,841</u>	<u>14,596</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Utility plant additions, including debt portion of allowance for funds used during construction of \$827 in 2024 and \$890 in 2023	(20,867)	(29,725)
Acquisitions of water and wastewater systems	(52)	(35)
Net cash used in investing activities	<u>(20,919)</u>	<u>(29,760)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Customers' advances for construction and contributions in aid of construction	1,928	1,117
Repayments of customer advances	(262)	(157)
Proceeds of long-term debt issues	56,565	66,358
Debt issuance costs	(167)	(171)
Repayments of long-term debt	(45,377)	(47,971)
Changes in cash overdraft position	607	951
Issuance of common stock	824	820
Dividends paid	(6,040)	(5,783)
Net cash provided by financing activities	<u>8,078</u>	<u>15,164</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	1	1
Cash and cash equivalents at end of period	<u>\$ 1</u>	<u>\$ 1</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 2,744	\$ 1,480
Income taxes	300	-
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Accounts payable includes \$7,771 in 2024 and \$7,372 in 2023 for the construction of utility plant.		
Contributions in aid of construction includes \$63 recorded as part of the MESCO, Inc. acquisition.		

The accompanying notes are an integral part of these statements.

## THE YORK WATER COMPANY

### Notes to Interim Financial Statements (In thousands of dollars, except per share amounts)

#### 1. Basis of Presentation

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of results for such periods. Because the financial statements cover an interim period, they do not include all disclosures and notes normally provided in annual financial statements, and therefore, should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

#### 2. Acquisitions

On January 31, 2024, the Company completed the acquisition of the wastewater collection and treatment assets of MESCO, Inc. in Monaghan Township, York County, Pennsylvania. The Company began operating the existing wastewater collection and treatment assets on February 1, 2024. The acquisition resulted in the addition of approximately 180 wastewater customers with purchase price and acquisition costs of approximately \$44, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$110 and will seek approval from the Pennsylvania Public Utility Commission, or PPUC, to amortize the acquisition adjustment over the remaining life of the acquired assets. This acquisition is immaterial to Company results.

On February 21, 2024, the Company completed the acquisition of the water assets of Longstown Mobile Estates in Windsor Township, York County, Pennsylvania. The Company began operating the existing water system through an interconnection with its current distribution system on February 26, 2024. The acquisition resulted in the addition of approximately 90 water customers with purchase price and acquisition costs of approximately \$8, which is less than the depreciated original cost of the assets. The Company recorded a negative acquisition adjustment of \$2 and will seek approval from the PPUC to amortize the acquisition adjustment over the remaining life of the acquired assets. These customers were previously served by the Company through a single customer connection to the mobile home park. This acquisition is immaterial to Company results.

#### 3. Accounts Receivable and Contract Assets

Accounts receivable and contract assets are summarized in the following table:

	<b>As of Jun. 30, 2024</b>	<b>As of Dec. 31, 2023</b>	<b>Change</b>
Accounts receivable – customers	\$8,288	\$8,250	\$38
Other receivables	666	592	74
	8,954	8,842	112
Less: allowance for doubtful accounts	(1,305)	(1,005)	(300)
Accounts receivable, net	<u>\$7,649</u>	<u>\$7,837</u>	<u>\$(188)</u>
Unbilled revenue	<u>\$3,741</u>	<u>\$3,484</u>	<u>\$257</u>

Differences in timing of revenue recognition, billings, and cash collections result in receivables, which are contract assets. Generally, billing occurs subsequent to revenue recognition, resulting in unbilled revenue on the balance sheet, which is also a contract asset. The Company does not receive advances or deposits from customers before revenue is recognized so no contract liabilities are reported. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately on the balance sheet. The changes in accounts receivable – customers and in unbilled revenue were primarily due to the normal timing difference between performance and the customer’s payments.

#### 4. Common Stock and Earnings Per Share

Net income of \$4,993 and \$6,524 for the three months ended June 30, 2024 and 2023, respectively, and \$9,320 and \$10,177 for the six months ended June 30, 2024 and 2023, respectively, is used to calculate both basic and diluted earnings per share. Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding plus potentially dilutive shares. The dilutive effect of employee stock-based compensation is included in the computation of diluted earnings per share and is calculated using the treasury stock method and expected proceeds upon exercise or issuance of the stock-based compensation.

The following table summarizes the shares used in computing basic and diluted earnings per share:

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Weighted average common shares, basic	14,340,575	14,288,605	14,332,727	14,282,270
Effect of dilutive securities:				
Employee stock-based compensation	257	1,230	214	857
Weighted average common shares, diluted	<u>14,340,832</u>	<u>14,289,835</u>	<u>14,332,941</u>	<u>14,283,127</u>

On March 11, 2013, the Board of Directors, or the Board, authorized a share repurchase program granting the Company authority to repurchase up to 1,200,000 shares of the Company’s common stock from time to time. The stock repurchase program has no specific end date and the Company may repurchase shares in the open market or through privately negotiated transactions. The Company may suspend or discontinue the repurchase program at any time. No shares were repurchased during the three or six months ended June 30, 2024 and 2023. As of June 30, 2024, 618,004 shares remain authorized for repurchase.

## 5. Debt

	<u>As of</u> <u>Jun. 30, 2024</u>	<u>As of</u> <u>Dec. 31, 2023</u>
Variable Rate Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series 2008A, due 2029	\$12,000	\$12,000
3.00% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series A of 2019, due 2036	10,500	10,500
3.10% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series B of 2019, due 2038	14,870	14,870
3.23% Senior Notes, due 2040	15,000	15,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045	10,000	10,000
4.54% Senior Notes, due 2049	20,000	20,000
3.24% Senior Notes, due 2050	30,000	30,000
5.50% Senior Notes, due 2053	40,000	40,000
5.67% Senior Notes, due 2054	40,000	-
Committed Line of Credit, due September 2025	1,461	30,273
Total long-term debt	<u>193,831</u>	<u>182,643</u>
Less discount on issuance of long-term debt	(141)	(147)
Less unamortized debt issuance costs	<u>(2,569)</u>	<u>(2,489)</u>
Long-term portion	<u>\$191,121</u>	<u>\$180,007</u>

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

## 6. Interest Rate Swap Agreement

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. The Company utilizes an interest rate swap agreement to effectively convert the Company's \$12,000 variable-rate debt issue to a fixed rate. Interest rate swaps are contracts in which a series of interest rate cash flows are exchanged over a prescribed period. The notional amount on which the interest payments are based (\$12,000) is not exchanged. The interest rate swap provides that the Company pays the counterparty a fixed interest rate of 3.16% on the notional amount of \$12,000. In exchange, the counterparty paid the Company a variable interest rate based on 59% of the U.S. Dollar one-month LIBOR rate on the notional amount. The variable interest rate changed to 59% of the daily simple Secured Overnight Financing Rate plus a spread adjustment of 11.448 basis points upon the discontinuance of LIBOR in 2023. The intent is for the variable rate received from the swap counterparty to approximate the variable rate the Company pays to bondholders on its variable rate debt issue, resulting in a fixed rate being paid to the swap counterparty and reducing the Company's interest rate risk. The Company's net payment rate on the swap was (0.04)% and 0.16% for the three months ended June 30, 2024 and 2023, respectively, and (0.04)% and 0.30% for the six months ended June 30, 2024 and 2023, respectively.

The interest rate swap agreement is classified as a financial derivative used for non-trading activities. The accounting standards regarding accounting for derivatives and hedging activities require companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. In accordance with the standards, the interest rate swap is recorded on the balance sheet in other deferred credits at fair value (see Note 7).

The Company uses regulatory accounting treatment rather than hedge accounting to defer the unrealized gains and losses on its interest rate swap. These unrealized gains and losses are recorded as a regulatory asset or regulatory liability. Based on current ratemaking treatment, the Company expects the unrealized gains and losses to be recognized in rates as a component of interest expense as the swap settlements occur. Swap settlements are recorded in the income statement with the hedged item as interest expense. Swap settlements resulted in the reclassification from regulatory assets to interest expense of \$(1) and \$5 for the three months ended June 30, 2024 and 2023, respectively, and \$(2) and \$19 for the six months ended June 30, 2024 and 2023, respectively. The overall swap result was a gain of \$62 and \$267 for the three months ended June 30, 2024 and 2023, respectively, and \$237 and \$140 for the six months ended June 30, 2024 and 2023, respectively. The Company expects to reclassify \$20 before tax from regulatory assets to interest expense as a result of swap settlements over the next 12 months.

The interest rate swap agreement contains provisions that require the Company to maintain a credit rating of at least BBB- with Standard & Poor's. If the Company's rating were to fall below this rating, it would be in violation of these provisions, and the counterparty to the derivative could request immediate payment if the derivative was in a liability position. On July 26, 2023, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's interest rate swap was in a liability position as of June 30, 2024. If a violation due to credit rating, or some other default provision, were triggered on June 30, 2024, the Company would have been required to pay the counterparty approximately \$424.

The interest rate swap will expire on October 1, 2029. Other than the interest rate swap, the Company has no other derivative instruments.

## 7. Fair Value of Financial Instruments

The accounting standards regarding fair value measurements establish a fair value hierarchy which indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

The Company has recorded its interest rate swap liability at fair value in accordance with the standards. The liability is recorded under the caption "Other deferred credits" on the balance sheet. The table below illustrates the fair value of the interest rate swap as of the end of the reporting period.

<u>Description</u>	<u>June 30, 2024</u>	<b>Fair Value Measurements at Reporting Date Using</b>
		<b><u>Significant Other Observable Inputs (Level 2)</u></b>
Interest Rate Swap	\$397	\$397

Fair values are measured as the present value of all expected future cash flows based on the swap yield curve as of the date of the valuation. These inputs to this calculation are deemed to be Level 2 inputs. The balance sheet carrying value reflects the Company's credit quality as of June 30, 2024. The rate used in discounting all prospective cash flows anticipated to be made under this swap reflects a representation of the yield to maturity for 30-year debt on utilities rated A- as of June 30, 2024. The use of the Company's credit rating resulted in a reduction in the fair value of the swap liability of \$27 as of June 30, 2024. The fair value of the swap reflecting the Company's credit quality as of December 31, 2023 is shown in the table below.

<u>Description</u>	<u>December 31, 2023</u>	<u>Fair Value Measurements at Reporting Date Using Significant Other Observable Inputs (Level 2)</u>
Interest Rate Swap	\$632	\$632

The carrying amount of current assets and liabilities that are considered financial instruments approximates fair value as of the dates presented. The Company's total long-term debt, with a carrying value of \$193,831 at June 30, 2024, and \$182,643 at December 31, 2023, had an estimated fair value of approximately \$174,000 and \$175,000, respectively. The estimated fair value of debt was calculated using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration and risk profile. These inputs to this calculation are deemed to be Level 2 inputs. The Company recognized its credit rating in determining the yield curve and did not factor in third-party credit enhancements including the letter of credit on the 2008 Pennsylvania Economic Development Financing Authority Series A issue.

Customers' advances for construction and note receivable had carrying values at June 30, 2024 of \$20,498 and \$255, respectively. At December 31, 2023, customers' advances for construction and note receivable had carrying values of \$18,853 and \$255, respectively. The relative fair values of these amounts cannot be accurately estimated since the timing of future payment streams is dependent upon several factors, including new customer connections, customer consumption levels and future rate increases.

## 8. Commitments

The Company committed to capital expenditures of approximately \$40,124 to armor and replace the spillway of the Lake Williams dam, of which \$831 remains to be incurred as of June 30, 2024. The Company may make additional commitments for this project in the future.

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,868 and \$1,762 through June 30, 2024 and December 31, 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

## 9. Revenue

The following table shows the Company's revenues disaggregated by service and customer type.

	<b>Three Months</b>		<b>Six Months</b>	
	<b>Ended June 30</b>		<b>Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Water utility service:				
Residential	\$10,422	\$10,640	\$20,266	\$19,528
Commercial and industrial	5,109	5,093	9,765	9,097
Fire protection	1,123	1,050	2,204	1,982
Wastewater utility service:				
Residential	1,502	1,456	2,976	2,540
Commercial and industrial	352	267	668	488
Billing and revenue collection services	122	116	252	242
Collection services	-	9	3	16
Other revenue	6	13	16	24
Total Revenue from Contracts with Customers	<u>18,636</u>	<u>18,644</u>	<u>36,150</u>	<u>33,917</u>
Rents from regulated property	114	123	228	251
Total Operating Revenue	<u>\$18,750</u>	<u>\$18,767</u>	<u>\$36,378</u>	<u>\$34,168</u>

### Utility Service

The Company provides utility service as a distinct and single performance obligation to each of its water and wastewater customers. The transaction price is detailed in the tariff pursuant to an order by the PPUC and made publicly available. There is no variable consideration and no free service, special rates, or subnormal charges to any customer. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of utility service through a stand-ready obligation to perform and the transfer of water or the collection of wastewater through a series of distinct transactions that are identical in nature and have the same pattern of transfer to the customer. The Company uses an output method to recognize the utility service revenue over time. The stand-ready obligation is recognized through the passage of time in the form of a fixed charge and the transfer of water or the collection of wastewater is recognized at a per unit rate based on the actual or estimated flow through the meter. Each customer is invoiced every month and the invoice is due within twenty days. The utility service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for the passage of time and the actual or estimated usage from the latest meter reading to the end of the accounting period. The methodology is standardized and consistently applied to reduce bias and the need for judgment.

### Billing and Revenue Collection Service

The Company provides billing and revenue collection service as distinct performance obligations to three municipalities within the service territory of the Company. The municipalities provide service to their residents and the Company acts as the billing and revenue collection agent for the municipalities. The transaction price is a fixed amount per bill prepared as established in the contract. There is no variable consideration. Due to the fact that both the billing performance obligation and the revenue collection performance obligation are materially complete by the end of the reporting period, the Company does not allocate the transaction price between the two performance obligations. The performance obligations are satisfied at a point in time when the bills are sent as the municipalities receive all the benefits and bear all of the risk of non-collection at that time. Each municipality is invoiced when the bills are complete and the invoice is due within thirty days. The billing and revenue collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period.

### Collection Service

The Company provides collection service as a distinct and single performance obligation to several municipalities within the service territory of the Company. The municipalities provide wastewater service to their residents. If those residents are delinquent in paying for their wastewater service, the municipalities request that the Company post for and shut off the supply of water to the premises of those residents. When the resident is no longer delinquent, the Company will restore water service to the premises. The transaction price for each posting, each shut off, and each restoration is a fixed amount as established in the contract. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied at a point in time when the posting, shut off, or restoration is completed as the municipalities receive all the benefits in the form of payment or no longer providing wastewater service. Each municipality is invoiced periodically for the posting, shut offs, and restorations that have been completed since the last billing and the invoice is due within thirty days. The collection service has no returns or warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no performance obligations remain unsatisfied as of the end of the reporting period. A contract asset for unbilled revenue is recognized for postings, shut offs, and restorations that have been completed from the last billing to the end of the accounting period.

### Service Line Protection Plan

The Company provides service line protection as a distinct and single performance obligation to current water customers that choose to participate. The transaction price is detailed in the plan's terms and conditions and made publicly available. There is no variable consideration. Due to the fact that the contract includes a single performance obligation, no judgment is required to allocate the transaction price. The performance obligation is satisfied over time through the continuous provision of service line protection through a stand-ready obligation to perform. The Company uses an output method to recognize the service line protection revenue over time. The stand-ready obligation is recognized through the passage of time. A customer has a choice to prepay for an entire year or to pay in advance each month. The service line protection plan has no returns or extended warranties associated with it. No revenue is recognized from performance obligations satisfied in prior periods and no material performance obligations remain unsatisfied as of the end of the reporting period.

## **10. Rate Matters**

From time to time, the Company files applications for rate increases with the PPUC and is granted rate relief as a result of such requests. The most recent rate request was filed by the Company on May 27, 2022 and sought an annual increase in water rates of \$18,854 and an annual increase in wastewater rates of \$1,457. Effective March 1, 2023, the PPUC authorized an increase in water rates designed to produce approximately \$11,600 in additional annual revenues and an increase in wastewater rates designed to produce approximately \$1,900 in additional annual revenues.

The PPUC permits water utilities to collect a distribution system improvement charge, or DSIC. The DSIC allows the Company to add a charge to customers' bills for qualified replacement costs of certain infrastructure without submitting a rate filing. This surcharge mechanism typically adjusts periodically based on additional qualified capital expenditures completed or anticipated in a future period. The DSIC is capped at 5% of base rates and is reset to zero when new base rates that reflect the costs of those additions become effective or when a utility's earnings exceed a regulatory benchmark. During its most recent quarterly reporting period, the Company's earnings were below the regulatory benchmark, and the Company began recognizing DSIC in June 2024 for bills rendered after July 1, 2024 that included June consumption. The DSIC provided revenues of \$34 and \$0 for the three months ended June 30, 2024 and 2023, respectively, and \$34 and \$271 for the six months ended June 30, 2024 and 2023, respectively.

## 11. Pensions

### Components of Net Periodic Pension Cost

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Service cost	\$158	\$150	\$317	\$299
Interest cost	465	469	928	938
Expected return on plan assets	(792)	(903)	(1,583)	(1,806)
Amortization of prior service cost	(3)	(3)	(6)	(6)
Rate-regulated adjustment	(106)	676	455	1,477
Net periodic pension cost	<u>\$(278)</u>	<u>\$389</u>	<u>\$111</u>	<u>\$902</u>

Pension service cost is recorded in operating expenses. All other components of net periodic pension cost are recorded as other pension costs in other income (expenses).

### Employer Contributions

The Company previously disclosed in its financial statements for the year ended December 31, 2023 that it expected to contribute \$1,556 to its pension plans in 2024. Subsequently, the Company determined its maximum deductible contribution under the Internal Revenue Code is \$111. The most recent rate order issued by the PPUC limited the deposit to the pension plans to the deductible amount. The Company is permitted by the rate order to expense pension costs to the extent of contributions and defer any remaining expense to regulatory assets or recognize the excess as a regulatory liability. For the six months ended June 30, 2024, contributions of \$111 have been made. The Company does not expect to contribute any additional amounts in the final two quarters of 2024.

## 12. Stock-Based Compensation

On May 2, 2016, the Company's stockholders approved The York Water Company Long-Term Incentive Plan, or LTIP. The LTIP was adopted to provide the incentive of long-term stock-based awards to officers, directors, and key employees. The LTIP provides for the granting of nonqualified stock options, incentive stock options, stock appreciation rights, performance restricted stock grants and units, restricted stock grants and units, and unrestricted stock grants. A maximum of 100,000 shares of common stock may be issued under the LTIP over the ten-year life of the plan. The maximum number of shares of common stock subject to awards that may be granted to any participant in any one calendar year is 2,000. Shares of common stock issued under the LTIP may be treasury shares or authorized but unissued shares. The LTIP will be administered by the Compensation Committee of the Board, or the full Board, provided that the full Board will administer the LTIP as it relates to awards to non-employee directors of the Company. The Company filed a registration statement with the Securities and Exchange Commission on May 11, 2016 covering the offering of stock under the LTIP. The LTIP was effective on July 1, 2016.

On May 1, 2023, the Board accelerated the vesting period for restricted stock granted in 2021, 2022, and 2023 to one retiring key employee from three years to that key employee's 2024 retirement date, which has been fully recognized as of March 31, 2024.

On January 29, 2024, the Board accelerated the vesting period for restricted stock granted in 2022 and 2023 to one retiring officer from three years to that officer's 2024 retirement date.

On May 6, 2024, the Board awarded stock to non-employee directors effective May 6, 2024. This stock award vested immediately. On May 6, 2024, the Compensation Committee awarded restricted stock to officers and key employees effective May 6, 2024. The stock award vests ratably over three years beginning May 6, 2024, with the exception of the stock award to one key employee which vested immediately. The Board accelerated the vesting period for this restricted stock award to one retiring officer from three years to that officer's 2024 retirement date.

The restricted stock awards provide the grantee with the rights of a shareholder, including the right to receive dividends and to vote such shares, but not the right to sell or otherwise transfer the shares during the restriction period. As a result, the awards are included in common shares outstanding on the balance sheet. Restricted stock awards result in compensation expense valued at the fair market value of the stock on the date of the grant and are amortized ratably over the requisite service period.

The following tables summarize the stock grant amounts and activity for the six months ended June 30, 2024.

	<u>Number of Shares</u>	<u>Grant Date Weighted Average Fair Value</u>
Nonvested at beginning of the period	8,944	\$42.32
Granted	6,149	\$36.76
Vested	(5,636)	\$41.96
Forfeited	(792)	\$42.20
Nonvested at end of the period	<u>8,665</u>	<u>\$38.63</u>

For the three months ended June 30, 2024 and 2023, the statement of income includes \$97 and \$105 of stock-based compensation, respectively, and related recognized tax benefits of \$27 and \$30, respectively. For the six months ended June 30, 2024 and 2023, the statement of income includes \$140 and \$159 of stock-based compensation, respectively, and related recognized tax benefits of \$39 and \$45, respectively. The total fair value of the shares vested in the six months ended June 30, 2024 and 2023 was \$236 and \$214, respectively. Total stock-based compensation related to nonvested awards not yet recognized is \$335 at June 30, 2024, which will be recognized over the remaining three year vesting period.

### 13. Income Taxes

Under the Internal Revenue Service tangible property regulations, or TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions.

The Company's effective tax rate was 9.4% and 9.9% for the three months ended June 30, 2024 and 2023, respectively, and 10.8% and 11.0% for the six months ended June 30, 2024 and 2023, respectively. The effective tax rate will vary depending on income before income taxes and the level of eligible asset improvements expensed for tax purposes under TPR each period.

**Item 2. Management’s Discussion and Analysis of  
Financial Condition and Results of Operations.  
(In thousands of dollars, except per share amounts)**

**Forward-looking Statements**

Certain statements contained in this report on Form 10-Q constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Words such as “may,” “should,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “objective” and similar expressions are intended to identify forward-looking statements. These forward-looking statements include certain information relating to the Company’s business strategy and future prospects; including, but not limited to:

- the amount and timing of rate changes and other regulatory matters including the recovery of costs recorded as regulatory assets;
- expected profitability and results of operations;
- trends;
- goals, priorities and plans for, and cost of, growth and expansion;
- strategic initiatives;
- availability of water supply;
- water usage by customers; and
- the ability to pay dividends on common stock and the rate of those dividends.

The forward-looking statements in this report reflect what the Company currently anticipates will happen. What actually happens could differ materially from what it currently anticipates will happen and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to the Company and speak only as of the date hereof. The Company does not intend to make a public announcement when forward-looking statements in this report are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to:

- changes in weather or climate, including drought conditions or extended periods of heavy precipitation;
- natural disasters, including pandemics such as the outbreak of the novel strain of coronavirus known as “COVID-19” and its variants and the effectiveness of the Company’s pandemic plans;
- levels of rate relief granted;
- the level of commercial and industrial business activity within the Company’s service territory;
- construction of new housing within the Company’s service territory and increases in population;
- changes in government policies or regulations, including the tax code;
- the ability to obtain permits for expansion projects;
- material changes in demand from customers, including the impact of conservation efforts which may impact the demand of customers for water;
- changes in economic and business conditions, including interest rates;
- loss of customers;
- changes in, or unanticipated, capital requirements;
- the impact of acquisitions;
- changes in accounting pronouncements;
- changes in the Company’s credit rating or the market price of its common stock; and
- the ability to obtain financing.

## General Information

The primary business of the Company is to impound, purify to meet or exceed safe drinking water standards and distribute water. The Company also owns and operates three wastewater collection systems and ten wastewater collection and treatment systems. The Company operates within its franchised water and wastewater territory, which covers portions of 56 municipalities within four counties in south-central Pennsylvania. The Company is regulated by the Pennsylvania Public Utility Commission, or PPUC, for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. The Company must obtain PPUC approval before changing any practices associated with the aforementioned areas.

Water service is supplied through the Company's own distribution system. The Company obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73.0 million gallons from a combined watershed area of approximately 117 square miles. The Company has two reservoirs on this primary system, Lake Williams and Lake Redman, which together hold up to approximately 2.5 billion gallons of water. The Company supplements these reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman which provides access to an additional supply of 12.0 million gallons of untreated water per day. The Company obtains its water supply for its system for Franklin County from the Roxbury Dam on the Conodoguinet Creek, which has an average daily flow of approximately 26.0 million gallons from a watershed area of approximately 33 square miles. The Company has a reservoir on this system which holds up to approximately 330 million gallons of water. The Company also owns thirteen wells which are capable of providing a safe yield of approximately 808,000 gallons per day to supply water to the customers of its groundwater satellite systems in York, Adams, and Lancaster Counties. As of June 30, 2024, the Company's average daily availability was 41.0 million gallons, and average daily consumption was approximately 21.7 million gallons. The Company's service territory had an estimated population of 209,000 as of December 31, 2023. Industry within the Company's service territory is diversified, manufacturing such items as fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles.

The Company's water business is somewhat dependent on weather conditions, particularly the amount and timing of precipitation. Revenues are particularly vulnerable to weather conditions in the summer months. Prolonged periods of hot and dry weather generally cause increased water usage for watering lawns, washing cars, and keeping golf courses and sports fields irrigated. Conversely, prolonged periods of dry weather could lead to drought restrictions from governmental authorities. Despite the Company's adequate water supply, customers may be required to cut back water usage under such drought restrictions which would negatively impact revenues. The Company has addressed some of this vulnerability by instituting minimum customer charges which are intended to cover fixed costs of operations under all likely weather conditions.

The Company's business does not require large amounts of working capital and is not dependent on any single customer or a very few customers for a material portion of its business. Increases in revenues are generally dependent on the Company's ability to obtain rate increases from the PPUC in a timely manner and in adequate amounts and to increase volumes of water sold through increased consumption and increases in the number of customers served. The Company continuously looks for water and wastewater acquisition and expansion opportunities both within and outside its current service territory as well as additional opportunities to enter into bulk water contracts with municipalities and other entities to supply water.

The Company has agreements with several municipalities to provide billing and collection services. The Company also has a service line protection program on a targeted basis in order to further diversify its business. Under this optional program, customers pay a fixed monthly fee, and the Company will repair or replace damaged customer service lines, as needed, subject to an annual maximum dollar amount. The Company continues to review and consider opportunities to expand both initiatives.

## Results of Operations

Three Months Ended June 30, 2024 Compared  
With Three Months Ended June 30, 2023

Net income for the second quarter of 2024 was \$4,993, a decrease of \$1,531, or 23.5%, from net income of \$6,524 for the same period of 2023. The primary contributing factors to the decrease were higher operating expenses, higher interest on debt, and lower allowance for funds used during construction which were partially offset by lower pension costs.

Operating revenues for the second quarter of 2024 decreased \$17, or 0.1%, from \$18,767 for the three months ended June 30, 2023 to \$18,750 for the corresponding 2024 period. The primary reason for the decrease was per capita consumption. Total per capita consumption for 2024 was approximately 2.8% lower than the same period of last year. Growth in the customer base mostly offset the decrease. The average number of water customers served in 2024 increased as compared to 2023 by 1,007 customers, from 71,297 to 72,304 customers. The average number of wastewater customers served in 2024 increased as compared to 2023 by 560 customers, from 5,939 to 6,499 customers, primarily due to acquisitions.

Operating expenses for the second quarter of 2024 increased \$1,437, or 14.0%, from \$10,251 for the second quarter of 2023 to \$11,688 for the corresponding 2024 period. The increase was primarily due to higher expenses of approximately \$321 for distribution system maintenance, \$280 for an increased allowance for uncollectible accounts, \$248 for depreciation and amortization, \$223 for wages and benefits, \$220 for wastewater treatment, \$68 for purchased power, and \$57 for billing and revenue collection services. Other operating expenses increased by a net of \$194. The increased expenses were partially offset by reduced expenses of \$174 for insurance.

Interest on debt for the second quarter of 2024 increased \$505, or 30.1%, from \$1,678 for the second quarter of 2023 to \$2,183 for the corresponding 2024 period. The increase was primarily due to an increase in long-term debt outstanding and higher interest rates upon issuance of the 5.67% Senior Notes. The average debt outstanding under the line of credit was \$712 for the second quarter of 2024 and \$5,103 for the second quarter of 2023. The weighted average interest rate on the line of credit was 4.50% for the quarter ended June 30, 2024 and 5.50% for the quarter ended June 30, 2023.

Allowance for funds used during construction decreased \$497, from \$844 in the second quarter of 2023 to \$347 in the corresponding 2024 period due to a lower volume of eligible construction.

Other pension costs for the second quarter of 2024 reflect decreased expense of \$675 as compared to the same period of 2023 due to a lower contribution to the pension plans.

Other income (expenses), net for the second quarter of 2024 reflects decreased expenses of \$58 as compared to the same period of 2023. Lower retirement expenses of approximately \$40 and higher earnings on life insurance policies of approximately \$31 were the primary reasons for the increase. Other expenses increased by a net of \$13.

Income tax expense for the second quarter of 2024 decreased \$192 as compared to the same period of 2023. The Company's effective tax rate was 9.4% for the second quarter of 2024 and 9.9% for the second quarter of 2023.

Six Months Ended June 30, 2024 Compared  
With Six Months Ended June 30, 2023

Net income for the first six months of 2024 was \$9,320, a decrease of \$857, or 8.4%, from net income of \$10,177 for the same period of 2023. The primary contributing factors to the decrease were higher operating expenses and higher interest on debt which were partially offset by higher operating revenues and lower pension costs.

Operating revenues for the first six months of 2024 increased \$2,210, or 6.5%, from \$34,168 for the six months ended June 30, 2023 to \$36,378 for the corresponding 2024 period. The primary reason for the increase was a rate increase effective March 1, 2023. Growth in the customer base also added to revenues. The average number of water customers served in 2024 increased as compared to 2023 by 902 customers, from 71,224 to 72,126 customers. The average number of wastewater customers served in 2024 increased as compared to 2023 by 510 customers, from 5,917 to 6,427 customers, primarily due to acquisitions. The increased revenues were partially offset by a \$237 decrease from a lower distribution system improvement charge, or DSIC, allowed by the PPUC. The DSIC reset to zero on March 1, 2023 when the rate order took effect. The Company began recognizing DSIC in June 2024 for bills rendered after July 1, 2024 that included June consumption. Total per capita consumption for 2024 was approximately 2.5% lower than the same period of last year. For the remainder of the year, the Company expects revenues to show a modest increase due to the DISC, higher summer demand, and an increase in the number of water and wastewater customers from acquisitions and growth within the Company's service territory. Other regulatory actions, weather patterns, and economic conditions could impact results.

Operating expenses for the first six months of 2024 increased \$2,867, or 14.2%, from \$20,234 for the first six months of 2023 to \$23,101 for the corresponding 2024 period. The increase was primarily due to higher expenses of approximately \$730 for distribution system maintenance, \$517 for depreciation and amortization, \$516 for wages and benefits, \$300 for an increased allowance for uncollectible accounts, \$295 for wastewater treatment, \$118 for purchased power, \$96 for outside services, and \$72 for billing and revenue collection services. Other operating expenses increased by a net of \$223. For the remainder of the year, the Company expects depreciation and amortization expense to continue to rise due to additional investment in utility plant, and other expenses to increase as costs to treat water and wastewater, and to maintain and extend the distribution system, continue to rise. Weather patterns could further increase operating expenses.

Interest on debt for the first six months of 2024 increased \$1,115, or 34.9%, from \$3,191 for the first six months of 2023 to \$4,306 for the corresponding 2024 period. The increase was primarily due to an increase in long-term debt outstanding and higher interest rates upon issuance of the 5.67% Senior Notes. The average debt outstanding under the line of credit was \$10,794 for the first six months of 2024 and \$12,715 for the first six months of 2023. The weighted average interest rate on the line of credit was 4.29% for the six months ended June 30, 2024 and 4.24% for the six months ended June 30, 2023. Interest expense for the remainder of the year is expected to increase due to the increase in long-term debt outstanding.

Allowance for funds used during construction decreased \$112, from \$1,593 in the first six months of 2023 to \$1,481 in the corresponding 2024 period due to a lower volume of eligible construction. Allowance for funds used during construction for the remainder of the year is expected to decrease based on the completion of the Lake Williams dam project and a projected decrease in the amount of eligible construction.

Other pension costs for the first six months of 2024 reflect decreased expense of \$809 as compared to the same period of 2023 due to a lower contribution to the pension plans. No additional expense is expected to be recorded in 2024.

Other income (expenses), net for the first six months of 2024 reflects decreased expenses of \$85 as compared to the same period of 2023. Higher earnings on life insurance policies of approximately \$83 was the primary reason for the decrease. Other expenses decreased by a net of \$2. For the remainder of the year, other income (expenses) will be largely determined by the change in market returns and discount rates for retirement programs and related assets.

Income tax expense for the first six months of 2024 decreased \$133 as compared to the same period of 2023. The Company's effective tax rate was 10.8% for the first six months of 2024 and 11.0% for the first six months of 2023. The Company's effective tax rate for the remainder of 2024 will be largely determined by the level of eligible asset improvements expensed for tax purposes under Internal Revenue Service tangible property regulations, or TPR, each period. The Company expects the level to be higher in the remainder of the year than the first six months, lowering the effective tax rate.

## **Rate Matters**

See Note 10 to the financial statements included herein for a discussion of rate matters.

Effective July 1, 2024, the Company's tariff included a distribution system improvement charge on revenues of 0.64%. A partial month of this surcharge is included in results of operations for the three and six months ended June 30, 2024 for bills rendered after July 1, 2024 that included June consumption.

The Company does not expect to file a rate increase request in 2024.

## **Acquisitions and Growth**

On February 7, 2024, the Company signed an agreement to purchase the wastewater collection assets of Margarett Mobile Home Park in Lower Windsor Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2025 at which time the Company will add approximately 65 wastewater customers.

On July 17, 2023, the Company signed an agreement to purchase the wastewater collection and treatment assets of York Haven Sewer Authority in York Haven Borough, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2024 at which time the Company will add approximately 230 wastewater customers.

On May 23, 2023, the Company signed an agreement to purchase the Brookhaven Mobile Home Park water assets of ATG Properties, LLC in Hellam Township, York County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2024 at which time the Company will add approximately 150 water customers.

On May 18, 2023, the Company signed an agreement to purchase the water assets of Houston Run Community Water System, LLC in Salisbury Township, Lancaster County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2024 at which time the Company will add approximately 15 water customers.

On March 27, 2023, the Company signed an agreement to purchase the water assets of Pine Run Retirement Community in Hamilton Township, Adams County, Pennsylvania. Completion of the acquisition is contingent upon receiving approval from all required regulatory authorities. Closing is expected in the second half of 2024 at which time the Company will add approximately 100 water customers.

In total, these acquisitions are expected to be immaterial to Company results. The Company is also pursuing other bulk water contracts and acquisitions in and around its service territory to help offset any potential declines in per capita water consumption and to grow its business.

On May 10, 2017, the Company signed an emergency interconnect agreement with Dallastown-Yoe Water Authority. The effectiveness of this agreement is contingent upon receiving approval from all required regulatory authorities. Approval is expected to be granted in 2025 at which time the Company will begin construction of a water main extension to a single point of interconnection and either supply a minimum agreed upon amount of water to the authority, receive a payment in lieu of water, or provide water during an emergency, at current tariff rates.

## **Capital Expenditures**

For the six months ended June 30, 2024, the Company invested \$20,867 in construction expenditures for armoring and replacing the spillway of the Lake Williams dam, wastewater treatment plant construction, as well as various replacements and improvements to infrastructure and routine items. The Company was able to fund construction expenditures using internally-generated funds, line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions from developers, municipalities, customers, or builders.

The Company anticipates construction expenditures for the remainder of 2024 of approximately \$21,300 exclusive of any potential acquisitions not yet approved. In addition to routine transmission and distribution projects, a portion of the anticipated expenditures will be for completion of armoring and replacing the spillway of the Lake Williams dam, additional main extensions, wastewater treatment plant construction, as well as various replacements and improvements to infrastructure and routine items. The Company intends to use primarily internally-generated funds for its anticipated construction and fund the remainder through line of credit borrowings, proceeds from its stock purchase plans and customer advances and contributions. Customer advances and contributions are expected to account for between 5% and 10% of funding requirements during the remainder of 2024. The Company believes it will have adequate credit facilities and access to the capital markets, if necessary, during 2024 and 2025, to fund anticipated construction and acquisition expenditures.

## **Liquidity and Capital Resources**

### **Cash**

The Company manages its cash through a cash management account that is directly connected to its line of credit. Excess cash generated automatically pays down outstanding borrowings under the line of credit arrangement. If there are no outstanding borrowings, the cash is used as an earnings credit to reduce banking fees. Likewise, if additional funds are needed beyond what is generated internally for payroll, to pay suppliers, to fund capital expenditures, or to pay debt service, funds are automatically borrowed under the line of credit. As of June 30, 2024, the Company borrowed \$1,461 on its line of credit and incurred a cash overdraft on its cash management account of \$2,154. The cash management facility connected to the line of credit is expected to provide the necessary liquidity and funding for the Company's operations, capital expenditures, and acquisitions for the foreseeable future.

### **Accounts Receivable**

The accounts receivable balance tends to follow the change in revenues but is also affected by the timeliness of payments by customers and the level of the reserve for doubtful accounts. In the three months ended June 30, 2024, consistent revenue levels as compared to the three months ended December 31, 2023, resulted in a consistent balance in accounts receivable – customers. A reserve is maintained at a level considered adequate to provide for expected credit losses. Expected credit losses are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer's ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. Customer accounts are written off when collection efforts have been exhausted. If the status of the evaluated factors deteriorate, the Company may incur additional expenses for uncollectible accounts and experience a reduction in its internally-generated funds.

### **Internally-generated Funds**

The amount of internally-generated funds available for operations and construction depends on the Company's ability to obtain timely and adequate rate relief, changes in regulations including taxes, customers' water usage, weather conditions, customer growth and controlled expenses. During the first six months of 2024, the Company generated \$12,841 internally from operations as compared to the \$14,596 it generated during the first six months of 2023. The decrease was primarily due to higher interest and income taxes paid.

### **Common Stock**

Common stockholders' equity as a percent of the total capitalization was 53.8% as of June 30, 2024, compared with 54.8% as of December 31, 2023. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward until it approaches fifty percent before considering additional equity. It is the Company's general intent to target equity between fifty and fifty-five percent of total capitalization.

The Company has the ability to issue approximately \$4,000 of additional shares of its common stock or debt securities remaining under an effective "shelf" Registration Statement on Form S-3 on file with the Securities and Exchange Commission subject to market conditions at the time of any such offering.

**Credit Line**

Historically, the Company has borrowed under its line of credit before refinancing with long-term debt or equity capital. As of June 30, 2024, the Company maintained an unsecured line of credit in the amount of \$50,000 at an interest rate of the Secured Overnight Financing Rate plus 1.17% with an unused commitment fee and an interest rate floor. The Company had \$1,461 in borrowings under its line of credit as of June 30, 2024. The interest rate on the line of credit borrowing as of June 30, 2024 was 6.50%. The Company expects to extend the maturity for this line of credit into 2026 under similar terms and conditions.

The Company has taken steps to manage the risk of reduced credit availability. It has established a committed line of credit with a 2-year revolving maturity that cannot be called on demand. There is no guarantee that the Company will be able to obtain sufficient lines of credit with favorable terms in the future. If the Company is unable to obtain sufficient lines of credit or to refinance its line of credit borrowings with long-term debt or equity when necessary, it may have to eliminate or postpone capital expenditures. Management believes the Company will have adequate capacity under its current line of credit to meet anticipated financing needs throughout 2024 and 2025.

**Long-term Debt**

The Company's loan agreements contain various covenants and restrictions. Management believes it is currently in compliance with all of these restrictions. See Note 6 to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding these restrictions.

On February 27, 2024, the Company entered into a note purchase agreement with certain institutional investors relating to the private placement of \$40,000 aggregate principal amount of the Company's senior notes. The senior notes bear interest at 5.67% per annum payable semiannually and mature on February 27, 2054. The senior notes are unsecured and unsubordinated obligations of the Company. The Company received net proceeds, after deducting issuance costs, of approximately \$39,833. The net proceeds were used to refinance line of credit borrowings incurred by the Company as interim financing for various capital projects of the Company.

The Company's total long-term debt as a percentage of the total capitalization, defined as total common stockholders' equity plus total long-term debt, was 46.2% as of June 30, 2024, compared with 45.2% as of December 31, 2023. The Company expects to use long-term debt for its future financing needs and allow the debt percentage to trend upward. A debt to total capitalization ratio between forty-five and fifty percent has historically been acceptable to the PPUC in rate filings.

**Income Taxes, Deferred Income Taxes and Uncertain Tax Positions**

Under the Internal Revenue Service TPR, the Company is permitted to deduct the costs of certain asset improvements that were previously being capitalized and depreciated for tax purposes as an expense on its income tax return. This ongoing deduction results in a reduction in the effective income tax rate, a net reduction in income tax expense, and a reduction in the amount of income taxes currently payable. It also results in increases to deferred tax liabilities and regulatory assets representing the appropriate book and tax basis difference on capital additions. The Company expects to continue to expense these asset improvements in the future.

The Company's effective tax rate will largely be determined by income before income taxes and the level of eligible asset improvements expensed for tax purposes that would have been capitalized for tax purposes prior to the implementation of TPR.

The Company has a substantial deferred income tax asset primarily due to the excess accumulated deferred income taxes on accelerated depreciation from the Tax Cuts and Jobs Act of 2017 and the differences between the book and tax balances of the customers' advances for construction and contributions in aid of construction and deferred compensation plans. The Company does not believe a valuation allowance is required due to the expected generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has seen an increase in its deferred income tax liability amounts primarily as a result of the accelerated depreciation deduction available for federal tax purposes which creates differences between book and tax depreciation expense. The Company expects this trend to continue as it makes significant investments in capital expenditures subject to accelerated depreciation or TPR.

The Company has determined there are no uncertain tax positions that require recognition as of June 30, 2024.

### **Credit Rating**

On July 26, 2023, Standard & Poor's affirmed the Company's credit rating at A-, with a stable outlook and adequate liquidity. The Company's ability to maintain its credit rating depends, among other things, on adequate and timely rate relief, which it has been successful in obtaining, its ability to fund capital expenditures in a balanced manner using both debt and equity and its ability to generate cash flow. The Company's objectives are to continue to maximize its funds provided by operations and maintain a strong capital structure in order to be able to attract capital.

### **Physical and Cyber Security**

The Company maintains security measures at its facilities, and collaborates with federal, state, and local authorities and industry trade associations regarding information on possible threats and security measures for water and wastewater utility operations. The costs incurred are expected to be recoverable in water and wastewater rates and are not expected to have a material impact on its business, financial condition, or results of operations.

The Company relies on information technology systems in connection with the operation of the business, especially with respect to customer service, billing, accounting, and in some cases, the monitoring and operation of treatment, storage, and pumping facilities. In addition, the Company relies on these systems to track utility assets and to manage maintenance and construction projects, materials and supplies, and human resource functions. The information technology systems may be vulnerable to damage or interruption from cyber security attacks or other cyber-related events, including, but not limited to, power loss, computer systems failures, internet, telecommunications or data network failures, physical and electronic loss of data, computer viruses, intentional security breaches, hacking, denial of service actions, misappropriation of data, and similar events. In some cases, administration of certain functions may be outsourced to third-party service providers that could also be targets of cyber security attacks. A loss of these systems, or major problems with the operation of these systems, could harm the business, financial condition, and results of operations of the Company through the loss or compromise of customer, financial, employee, or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems, and delays in financial reporting and other normal management functions.

Possible impacts associated with a cyber security attack or other events may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on the Company's compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation, and reputational damage.

The Company has implemented processes, procedures, and controls to prevent or limit the effect of these possible events and maintains insurance to help defray costs associated with cyber security attacks. The Company has not experienced a material impact on business or operations from these attacks. Although the Company does not believe its systems are at a materially greater risk of cyber security attacks than other similar organizations and despite the implementation of robust security measures, the Company cannot provide assurance that the insurance will fully cover the costs of a cyber security event, and its robust security measures do not guarantee that reputation and financial results will not be adversely affected by such an incident.

## **Environmental Matters**

The Company was granted approval by the PPUC to modify its tariff to include the cost of the annual replacement of up to 400 lead customer-owned service lines over nine years from the date of the agreement. The tariff modification allows the Company to replace customer-owned service lines at its own initial cost. The Company will record the costs as a regulatory asset to be recovered in future base rates to customers, over a four-year period. The cost for the customer-owned lead service line replacements was approximately \$1,868 and \$1,762 through June 30, 2024 and December 31, 2023, respectively, and is included as a regulatory asset. Based on its experience, the Company estimates that lead customer-owned service lines replacements will cost \$2,000. This estimate is subject to adjustment as more facts become available.

## **Drought**

On March 6, 2024, Pennsylvania state officials returned all counties to normal status. Measures taken during a drought could potentially impact future revenues, operating expenses, and net income depending on the length and severity of the dry conditions.

## **Critical Accounting Estimates**

The methods, estimates, and judgments the Company used in applying its accounting policies have a significant impact on the results reported in its financial statements. The Company's accounting policies require management to make subjective judgments because of the need to make estimates of matters that are inherently uncertain. The Company's most critical accounting estimates include regulatory assets and liabilities, revenue recognition, accounting for its pension plans, and income taxes. There has been no significant change in accounting estimates or the method of estimation during the quarter ended June 30, 2024.

## **Off-Balance Sheet Arrangements**

The Company does not use off-balance sheet transactions, arrangements or obligations that may have a material current or future effect on financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses. The Company does not use securitization of receivables or unconsolidated entities. For risk management purposes, the Company uses a derivative financial instrument, an interest rate swap agreement discussed in Note 6 to the financial statements included herein. The Company does not engage in trading or other risk management activities, does not use other derivative financial instruments for any purpose, has no material lease obligations, no guarantees and does not have material transactions involving related parties.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Company's President and Chief Executive Officer along with the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report are effective such that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 5. Other Information.**

During the quarter ended June 30, 2024, no director or officer of the Company, nor the Company itself, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>3</u></a>	<a href="#"><u>Amended and Restated Articles of Incorporation. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2010.</u></a>
<a href="#"><u>3.1</u></a>	<a href="#"><u>Amended and Restated By-Laws. Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2012.</u></a>
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### THE YORK WATER COMPANY

Date: August 2, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
Principal Executive Officer

Date: August 2, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Principal Financial and Accounting Officer

**EXHIBIT 31.1**  
**CERTIFICATIONS**

I, Joseph T. Hand, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
President and CEO

**EXHIBIT 31.2  
CERTIFICATIONS**

I, Matthew E. Poff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The York Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph T. Hand, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: August 2, 2024

/s/ Joseph T. Hand  
Joseph T. Hand  
Chief Executive Officer

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The York Water Company (the “Company”) on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew E. Poff, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

THE YORK WATER COMPANY

Date: August 2, 2024

/s/ Matthew E. Poff  
Matthew E. Poff  
Chief Financial Officer