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June 20, 2025

**Via email only**

Bambi Reese  
Fixed Utility Financial Analyst Trainee  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17105-3265

**RE: Newtown Artesian Water Company – Securities Certificate  
Docket No. S-2025-3055570**

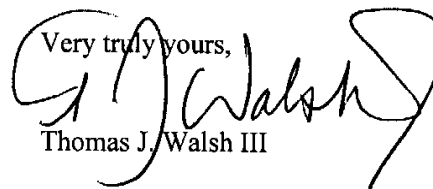
Dear Ms. Reese:

Please accept this letter as the requested explanation behind Newtown Artesian Water Company's ("NAWC") 2023 dividend payout ratio. As you point out, NAWC's dividend payout ratio of 136% for fiscal year 2023 is higher than in 2022 (37%) and in 2024 (68%). For the reasons stated below, the 2023 payout ratio is an outlier.

In 2023, NAWC discovered that its prior bookkeeper and auditor had made an incorrect accrual for unbilled revenue in the final quarter of 2022. Rather than issue restated financial statements for 2022, NAWC made an adjusting entry in 2023 that reduced net income by over \$200,000.00. Without this adjustment, NAWC's dividend payout ratio in 2023 would have been roughly 81%.

In addition, NAWC's Board of Directors ("Board") looks at more than just the current quarter or fiscal year when deciding whether to declare a dividend. NAWC is a privately held company with no market for its shares. The Board analyzes its anticipated dividend payouts and cash needs over longer time frames. In years 2020 and 2021, NAWC's dividend payout ratios were 29.6% and 40.2%, respectively. The Board concluded that the higher 2023 payout ratio was offset by the lower ratios of the several prior years, including 2022.

I hope the foregoing is helpful. If you have any questions or require anything further, please feel free to contact me.

Very truly yours,  
  
Thomas J. Walsh III

cc: Daniel Angove (via email)