



August 7, 2025

**Matt Homsher, Secretary**  
***Pennsylvania Public Utility Commission***  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor – 1 North  
PO Box 3265  
Harrisburg, PA 17120

**SUBJECT: Veolia Water Pennsylvania, Inc. Financial Report**  
**Docket Number M-2025-3052807**

Dear Secretary Homsher,

Enclosed please find the Financial Report of Veolia Water Pennsylvania Inc. for the twelve months ended June 30, 2025. In accordance with the Commission letter dated February 4, 2000, this report has been sent via e-mail to Marc Hoffer, Bureau of Technical Utility Services.

Please contact me via email at [lela.buzaladze@veolia.com](mailto:lela.buzaladze@veolia.com) for any questions or further information relating to the filing.

Best regards,

A handwritten signature in black ink, appearing to read 'L. Buzaladze', with a long horizontal flourish extending to the right.

Lela Buzaladze  
Senior Regulatory Specialist

Enclosures

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

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**Veolia Water Pennsylvania**  
**FINANCIAL REPORT**  
**For the Twelve Months Ended 06/30/2025**  
(Thousands of Dollars)

|   | Actual<br>per Books<br>(1) | Intrastate<br>Percent<br>(2) | Intrastate<br>per books<br>(3) | Adjustments [a]<br>(4) | Adjusted<br>Results<br>(5) |
|---|----------------------------|------------------------------|--------------------------------|------------------------|----------------------------|
| (1) Original Cost of Plant In Service     | 544,577                    | 1.0000                       | \$544,577                      | \$40,835               | \$585,412                  |
| (2) Less: Depreciation Reserve            | 100,536                    | 1.0000                       | 100,536                        |                        | 100,536                    |
| (3) Net Plant in Service                  | 444,041                    |                              | 444,041                        | 40,835                 | 484,876                    |
| <u>Additions:</u>                         |                            |                              |                                |                        |                            |
| (4) Land/Plant Held for Future Use        | 53                         | 1.0000                       | 53                             |                        | 53                         |
| (5) Materials & Supplies & Fuel Stocks    | 1,518                      | 1.0000                       | 1,518                          |                        | 1,518                      |
| (6) Cash Working Capital [b]              | 790                        | 1.0000                       | 790                            |                        | 790                        |
| (7) Other-Acquisition adjustments         | 98                         | 1.0000                       | 98                             |                        | 98                         |
| (8) Regulatory Assets                     | 0                          | 1.0000                       | 0                              |                        | 0                          |
| <u>Deductions:</u>                        |                            |                              |                                |                        |                            |
| (9) Accumulated Deferred Income Taxes     | 0                          | 1.0000                       | 0                              |                        | 0                          |
| (10) Liberalized Depreciation             | 14,677                     | 1.0000                       | 14,677                         |                        | 14,677                     |
| (11) Investment Tax Credit                | 0                          | 1.0000                       | (0)                            |                        | (0)                        |
| (12) Other                                | 0                          | 1.0000                       | 0                              |                        | 0                          |
| (13) Customer Deposits                    | 22                         | 1.0000                       | 22                             |                        | 22                         |
| (14) Customer Advances                    | 43,110                     | 1.0000                       | 43,110                         |                        | 43,110                     |
| (15) Contributions in Aid of Construction | 55,204                     | 1.0000                       | 55,204                         |                        | 55,204                     |
| (16) Other                                | 0                          | 1.0000                       | 0                              |                        | 0                          |
| (17) TCJA                                 | 9,485                      | 1.0000                       | 9,485                          |                        | 9,485                      |
| (18) <b>RATE BASE</b>                     | <b>\$324,002</b>           |                              | <b>\$324,002</b>               | <b>\$40,835</b>        | <b>\$364,837</b>           |
| (19) Operating Revenues                   | 67,773                     | 1.0000                       | 67,773                         | 0                      | 67,773                     |
| <u>Operating Expenses</u>                 |                            |                              |                                |                        |                            |
| (20) Operation & Maintenance              | 26,115                     | 1.0000                       | 26,115                         | 355                    | 26,470                     |
| (21) Annual Depreciation                  | 11,163                     | 1.0000                       | 11,163                         | 1,523                  | 12,686                     |
| (22) Taxes - Other than Income            | 1,329                      | 1.0000                       | 1,329                          |                        | 1,329                      |
| (23) State Income Tax - Current           | 1,131                      | 1.0000                       | 1,131                          | 425                    | 1,556                      |
| (24) Federal Income Tax - Current         | 3,052                      | 1.0000                       | 3,052                          | 700                    | 3,751                      |
| (25) Deferred Income Taxes                | 1,549                      | 1.0000                       | 1,549                          | (1,549)                | 0                          |
| (26) Investment Tax Credit (Net)          | 0                          | 1.0000                       | 0                              | 0                      | 0                          |
| (27) Total Operating Expenses             | 44,338                     |                              | 44,338                         | 1,454                  | 45,792                     |
| (28) <b>INCOME AVAILABLE FOR RETURN</b>   | <b>\$23,435</b>            |                              | <b>\$23,435</b>                | <b>(\$1,454)</b>       | <b>\$21,981</b>            |
| <b>RATE OF RETURN - OVERALL</b>           | <b>7.23%</b>               |                              | <b>7.23%</b>                   |                        | <b>6.03%</b>               |

[a] Schedule B and Schedule C

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

**Veolia Water Pennsylvania**  
**SUMMARY OF PRO FORMA INTRASTATE ADJUSTMENTS**  
**For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

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

SCHEDULE C

**Veolia Water Pennsylvania**  
**EXPLANATION OF ADJUSTMENTS**  
**For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

Rate Base Adjustments

|     |                             |            |
|-----|-----------------------------|------------|
| (1) | Utility Plant in Service    | 40,835 (a) |
|     |                             |            |
|     |                             |            |
|     | Total Rate Base Adjustments | 40,835     |

Income Statement Adjustments

|     |  |       |
|-----|--|-------|
| (1) | State Tax Adjustment                       | 0     |
| (2) | Labor annualized                           | 182   |
| (3) | M&S Shared Assets                          | 107   |
| (4) | Bad Dbt-Provsn-Cust Acct Uncol             | 66    |
| (5) | Depreciation Expense Annualization         | 1,523 |
| (6) | State and Federal Income Tax Normalization | (425) |
|     | Total Income Statement Adjustments         | 1,454 |

Explanation of Changes to Intrastate Allocation Factors (if applicable)

Note:(a) Includes CWIP at 6/30/2025 plus additional UPIS at 9/30/2025

**Veolia Water Pennsylvania  
Intrastate Per Books  
Calculation of Return on Common Equity  
For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

|                  | Capital<br>Ratios (a)<br>(1) | x | Rate Base (b)<br>(2)             | = | Totals<br>(3)    | x | Embedded<br>Cost<br>Rates(c)<br>(4) | = | Total Rate<br>Base Related<br>Cost of Debt<br>and Preferred<br>& Preference<br>(5) |
|------------------|------------------------------|---|----------------------------------|---|------------------|---|-------------------------------------|---|--|
|                  | (a) Sch. E<br>Col. 2         |   | (b) Sch. A.<br>Col. 3<br>Line 16 |   |                  |   | (c) Sch. F<br>Col. 7                |   |  |
| 1) Debt          | 49.13%                       |   | \$324,002                        |   | \$159,169        |   | 4.58%                               |   | \$7,285  |
| 2) Preferred     | 0.00%                        |   | \$324,002                        |   | 0                |   | 0.00%                               |   | 0  |
| 3) Common Equity | <u>50.87%</u>                |   | \$324,002                        |   | <u>164,833</u>   |   |                                     |   |  |
| 4) Total         | <u>100.00%</u>               |   |                                  |   | <u>\$324,002</u> |   |                                     |   | <u>\$7,285</u>   |

For the Twelve Months Ended 06/30/2025

|   | Intrastate<br>Per Books |
|---|-------------------------|
| 5) Income Available for Return<br>(from Sch. A, Col. 3, Line 26)  | \$23,435                |
| 6) Less: Total Rate Base Related Cost of Debt and<br>Preferred (Col 5, Line 4)                                  | <u>\$7,285</u>          |
| 7) Income Available for Common Equity<br>(Line 5 Less Line 6)   | <u>\$16,150</u>         |
| 8) Debt Cost (Col 5., Line 1)   | \$7,285                 |
| 9) Less: Interest Expense used to compute State<br>and Federal Income Taxes                                     | <u>7,285</u>            |
| 10) Difference (Line 8 Less Line 9)   | 0                       |
| 11) Times: Composite State and Federal Income Tax Rate  | <u>27.31%</u>           |
| 12) Net Addition or (Deduction) (Line 10 x Line 11)   | <u>\$0</u>              |
| 13) Income Available for Common Equity, including Income<br>Tax Effect of using Debt Cost (Line 7 plus Line 12) | <u>\$16,150</u>         |
| 14) Return on Common Equity (Line 7/Line 3, Col. 3)   | <u>9.80%</u>            |
| 15) Return on Common Equity, including Income Tax Effect<br>of using Debt Cost (Line 13/Line 3, Col. 3)         | <u>9.80%</u>            |

**Veolia Water Pennsylvania  
Intrastate Pro Forma Results  
Calculation of Return on Common Equity  
For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

|                  | Capital<br>Ratios(a)<br>(1) |   | Rate Base(b)<br>(2)              |   | Totals<br>(3)    |   | Embedded<br>Cost<br>Rates(c)<br>(4) |   | Total Rate<br>Base Related<br>Cost of Debt<br>and Preferred<br>& Preference<br>(5) |
|------------------|-----------------------------|---|----------------------------------|---|------------------|---|-------------------------------------|---|--|
|                  | (a) Sch. E<br>Col. 2        | x | (b) Sch. A.<br>Col. 5<br>Line 16 | = |                  | x | (c) Sch. F<br>Col. 7                | = |  |
| 1) Debt          | 49.13%                      |   | \$364,837                        |   | \$179,229        |   | 4.58%                               |   | \$8,203  |
| 2) Preferred     | 0.00%                       |   | \$364,837                        |   | 0                |   | 0.00%                               |   | 0  |
| 3) Common Equity | <u>50.87%</u>               |   | \$364,837                        |   | <u>185,608</u>   |   |                                     |   | <u>0</u>   |
| 4) Total         | <u>100.00%</u>              |   |                                  |   | <u>\$364,837</u> |   |                                     |   | <u>\$8,203</u>   |

For the Twelve Months Ended 06/30/2025

|   | Intrastate<br>Adjusted |
|---|------------------------|
| 5) Income Available for Return<br>(from Sch. A, Col. 5, Line 26)  | \$21,981               |
| 6) Less: Total Rate Base Related Cost of Debt and<br>Preferred (Col 5, Line 4)                                  | <u>\$8,203</u>         |
| 7) Income Available for Common Equity<br>(Line 5 Less Line 6)   | <u>\$13,778</u>        |
| 8) Debt Cost (Col 5., Line 1)   | \$8,203                |
| 9) Less: Interest Expense used to compute State<br>and Federal Income Taxes                                     | <u>8,203</u>           |
| 10) Difference (Line 8 Less Line 9)   | 0                      |
| 11) Times: Composite State and Federal Income Tax Rate  | <u>27.31%</u>          |
| 12) Net Addition or (Deduction) (Line 10 x Line 11)   | <u>\$0</u>             |
| 13) Income Available for Common Equity, including Income<br>Tax Effect of using Debt Cost (Line 7 plus Line 12) | <u>\$13,778</u>        |
| 14) Return on Common Equity (Line 7/Line 3, Col. 3)   | <u>7.42%</u>           |
| 15) Return on Common Equity, including Income Tax Effect<br>of using Debt Cost (Line 13/Line 3, Col. 3)         | <u>7.42%</u>           |

SCHEDULE E

**Veolia Water Pennsylvania  
Calculation of Capital Structure and Related Ratios  
For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

|   | Total Company<br>Actual Amount<br>Outstanding<br>(1) | Ratios<br>(2) |
|---|--|---------------|
| Total Debt<br>(Sch. F., Col. 4)                               | \$1,805,000  | 49.13%        |
| <br>  |  |               |
| Total Preferred & Preference Stock<br>Stock (Sch. F., Co.. 4) |  | 0.00%         |
| <br>  |  |               |
| <u>Common Equity</u>  |  |               |
| Common Stock  | 558,044  |               |
| Premium on Common Stock                                       |  |               |
| Capital Surplus   |  |               |
| Capital Stock   | 34,894   |               |
| Retained Earnings   | 1,276,296  |               |
| Other   |  |               |
|   | 1,869,234  | 50.87%        |
| <br>  |  |               |
| Total Capital   | \$3,674,234  | 100.00%       |

**SCHEDULE F**

**Veolia Water Pennsylvania  
Cost of Debt and Preferred Stock as Adjusted  
For the Twelve Months Ended 06/30/2025**

(Thousands of Dollars)

| Item/Description                   | Issue Date<br>(1) | Maturity Date<br>(2) | Interest Rate<br>(3) | Outstanding Balance<br>(4) | Effective Cost Rate<br>(5) | Percent to Total<br>(6) | Weighted Cost Rate<br>(7) |
|------------------------------------|-------------------|----------------------|----------------------|----------------------------|----------------------------|-------------------------|---------------------------|
| Long Term Debt                     |                   |                      | (See Appendix A)     | \$ 1,805,000               | 4.58%                      | 49.13%                  | 2.25%                     |
| Short Term Debt<br>(If Applicable) |                   |                      |                      |                            |                            |                         |                           |
| Total                              |                   |                      |                      | 1,805,000                  | 4.58%                      | 49.13%                  | 2.25%                     |
| Preferred Stock                    |                   |                      |                      | 0                          |                            | 0.00%                   | 0.00%                     |
| Total                              |                   |                      |                      | 0                          | 0.00%                      | 0.00%                   | 0.00%                     |

**Veolia Water Pennsylvania**  
Summary of Returns  
For the Twelve Months Ended 06/30/2025

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| Overall Return<br>Actual (Schedule A) | Overall Return<br>Adjusted (Schedule A) | Equity Return<br>Actual (Schedule D-1) | Equity Return<br>Adjusted (Schedule D-2) |
|---------------------------------------|---|--|--|
| 7.23%                                 | 6.03%                                   | 9.80%                                  | 7.42%                                    |

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