



November 17, 2025

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

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

Dear Secretary Homsher,

Enclosed please find the Financial Report of Veolia Water Pennsylvania Inc. for the twelve months ended September 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 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, sweeping 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
Katherine Arp

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Veolia Water Pennsylvania
FINANCIAL REPORT
For the Twelve Months Ended 09/30/2025

(Thousands of Dollars)

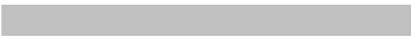
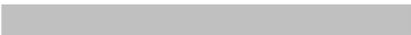
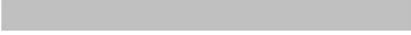
	Actual per Books (1)	Intrastate Percent (2)	Intrastate per books (3)	Adjustments [a] (4)	Adjusted Results (5)
(1) Original Cost of Plant In Service	566,118	1.0000	\$566,118	\$28,585	\$594,704
(2) Less: Depreciation Reserve	102,019	1.0000	102,019		102,019
(3) Net Plant in Service	<u>464,099</u>		<u>464,099</u>	28,585	492,684
<u>Additions:</u>					
(4) Land/Plant Held for Future Use	53	1.0000	53		53
(5) Materials & Supplies & Fuel Stocks	1,478	1.0000	1,478		1,478
(6) Cash Working Capital [b]	790	1.0000	790		790
(7) Other-Acquisition adjustments	84	1.0000	84		84
(8) Regulatory Assets	0	1.0000	0		0
<u>Deductions:</u>					
(9) Accumulated Deferred Income Taxes	0	1.0000	0		0
(10) Liberalized Depreciation	15,111	1.0000	15,111		15,111
(11) Investment Tax Credit	-1	1.0000	(1)		(1)
(12) Other	0	1.0000	0		0
(13) Customer Deposits	22	1.0000	22		22
(14) Customer Advances	44,182	1.0000	44,182		44,182
(15) Contributions in Aid of Construction	55,393	1.0000	55,393		55,393
(16) Other	0	1.0000	0		0
(17) TCJA	9,306	1.0000	9,306		9,306
(18) RATE BASE	<u>\$342,490</u>		<u>\$342,490</u>	\$28,585	<u>\$371,076</u>
(19) Operating Revenues	<u>71,034</u>	1.0000	<u>71,034</u>	0	<u>71,034</u>
<u>Operating Expenses</u>					
(20) Operation & Maintenance	25,694	1.0000	25,694	239	25,934
(21) Annual Depreciation	11,630	1.0000	11,630	1,223	12,853
(22) Taxes - Other than Income	1,373	1.0000	1,373		1,373
(23) State Income Tax - Current	1,420	1.0000	1,420	424	1,843
(24) Federal Income Tax - Current	3,712	1.0000	3,712	734	4,446
(25) Deferred Income Taxes	1,860	1.0000	1,860	(1,860)	0
(26) Investment Tax Credit (Net)	0	1.0000	0	0	0
(27) Total Operating Expenses	<u>45,689</u>		<u>45,689</u>	760	<u>46,448</u>
(28) INCOME AVAILABLE FOR RETURN	<u>\$25,345</u>		<u>\$25,345</u>	(\$760)	<u>\$24,586</u>
RATE OF RETURN - OVERALL	<u>7.40%</u>		<u>7.40%</u>		<u>6.63%</u>

[a] Schedule B and Schedule C

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

Veolia Water Pennsylvania
SUMMARY OF PRO FORMA INTRASTATE ADJUSTMENTS
For the Twelve Months Ended 09/30/2025

(Thousands of Dollars)

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

SCHEDULE C

Veolia Water Pennsylvania
EXPLANATION OF ADJUSTMENTS
For the Twelve Months Ended 09/30/2025

(Thousands of Dollars)

Rate Base Adjustments

(1) Utility Plant in Service	28,585 (a)
Total Rate Base Adjustments	<u>28,585</u>

Income Statement Adjustments

(1) State Tax Adjustment	0
(2) Labor annualized	126
(3) M&S Shared Assets	113
(4) Bad Dbt-Provsn-Cust Acct Uncol	(0)
(5) Depreciation Expense Annualization	1,223
(6) State and Federal Income Tax Normalization	<u>(702)</u>
Total Income Statement Adjustments	<u>760</u>

Explanation of Changes to Intrastate Allocation Factors (if applicable)

Note:(a) Includes CWIP at 9/30/2025 plus additional UPIS at 12/31/2025

**Veolia Water Pennsylvania
Intrastate Per Books
Calculation of Return on Common Equity
For the Twelve Months Ended 09/30/2025**

(Thousands of Dollars)

	Capital Ratios (a) (1)	x	Rate Base (b) (2)	=	Totals (3)	x	Embedded Cost Rates(c) (4)	=	Total Rate Base Related Cost of Debt and Preferred & Preference (5)
	(a) Sch. E Col. 2		(b) Sch. A. Col. 3 Line 16				(c) Sch. F Col. 7		
1) Debt	48.23%		\$342,490		\$165,198		4.58%		\$7,563
2) Preferred	0.00%		\$342,490		0		0.00%		0
3) Common Equity	<u>51.77%</u>		\$342,490		<u>177,292</u>				
4) Total	<u>100.00%</u>				<u>\$342,490</u>				<u>\$7,563</u>

For the Twelve Months Ended 09/30/2025

	Intrastate Per Books
5) Income Available for Return (from Sch. A, Col. 3, Line 26)	\$25,345
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$7,563</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$17,782</u>
8) Debt Cost (Col 5., Line 1)	\$7,563
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>7,563</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 Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>\$17,782</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>10.03%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>10.03%</u>

**Veolia Water Pennsylvania
Intrastate Pro Forma Results
Calculation of Return on Common Equity
For the Twelve Months Ended 09/30/2025**

(Thousands of Dollars)

	Capital Ratios(a) (1)	x	Rate Base(b) (2)	=	Totals (3)	x	Embedded Cost Rates(c) (4)	=	Total Rate Base Related Cost of Debt and Preferred & Preference (5)
	(a) Sch. E Col. 2		(b) Sch. A. Col. 5 Line 16				(c) Sch. F Col. 7		
1) Debt	48.23%		\$371,076		\$178,986		4.58%		\$8,194
2) Preferred	0.00%		\$371,076		0		0.00%		0
3) Common Equity	<u>51.77%</u>		\$371,076		<u>192,089</u>				<u>0</u>
4) Total	<u>100.00%</u>				<u>\$371,076</u>				<u>\$8,194</u>

For the Twelve Months Ended 09/30/2025

	Intrastate Adjusted
5) Income Available for Return (from Sch. A, Col. 5, Line 26)	\$24,586
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$8,194</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$16,391</u>
8) Debt Cost (Col 5., Line 1)	\$8,194
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>8,194</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 Tax Effect of using Debt Cost (Line 7 plus Line 12)	<u>\$16,391</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>8.53%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>8.53%</u>

SCHEDULE E

Veolia Water Pennsylvania
Calculation of Capital Structure and Related Ratios
For the Twelve Months Ended 09/30/2025

(Thousands of Dollars)

	Total Company Actual Amount Outstanding (1)	Ratios (2)
Total Debt (Sch. F., Col. 4)	\$1,805,000	48.23%
Total Preferred & Preference Stock Stock (Sch. F., Co.. 4)		0.00%
<u>Common Equity</u>		
Common Stock	558,044	
Premium on Common Stock		
Capital Surplus		
Capital Stock	34,894	
Retained Earnings	1,344,199	
Other		
	1,937,137	51.77%
Total Common Equity		
Total Capital	\$3,742,137	100.00%

SCHEDULE F

**Veolia Water Pennsylvania
Cost of Debt and Preferred Stock as Adjusted
For the Twelve Months Ended 09/30/2025**

(Thousands of Dollars)

Item/Description	Issue Date (1)	Maturity Date (2)	Interest Rate (3)	Outstanding Balance (4)	Effective Cost Rate (5)	Percent to Total (6)	Weighted Cost Rate (7)
Long Term Debt			(See Appendix A)	\$ 1,805,000	4.58%	48.23%	2.21%
Short Term Debt (If Applicable)							
Total				1,805,000	4.58%	48.23%	2.21%
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 09/30/2025

Overall Return Actual (Schedule A)	Overall Return Adjusted (Schedule A)	Equity Return Actual (Schedule D-1)	Equity Return Adjusted (Schedule D-2)
7.40%	6.63%	10.03%	8.53%
