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December 12, 2025

By Electronic Filing

Matthew L. Homsher, Secretary
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

RE: State Tax Adjustment Surcharge; Docket No. R-2025-_____;
**Community Utilities of Pennsylvania Inc. Supplement No. 18 to Tariff Water
– PA. P.U.C. No. 1**
Issued December 12, 2025 – to Become Effective on January 1, 2026

Dear Secretary Homsher:

In accordance with the Commission's State Tax Adjustment Surcharge Procedures, 52 Pa. Code § 69.51, *et seq.*, and as set forth in the Secretarial Letter dated December 4, 2025, enclosed for filing on behalf of Community Utilities of Pennsylvania Inc. ("CUPA") is the following:

1. Supplement No. 18 to Tariff Water – Pa. P.U.C. No. 1
2. Calculations showing the derivation of the new State Tax Adjustment Surcharge value.

As shown in the supporting schedules, CUPA will be implementing a surcharge of negative 0.16%, which will be effective on January 1, 2026.

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
December 12, 2025
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If you have any questions regarding this filing, please contact me.

Very truly yours,

/s/ Whitney E. Snyder

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Counsel for

Community Utilities of Pennsylvania Inc.

WES/das
Enclosures

cc: Marc Hoffer, Bureau of Technical Utility Services (mhoffer@pa.gov)
Allison C. Kaster, Director, Bureau of Investigation & Enforcement (akaster@pa.gov)
Darryl Lawrence, Consumer Advocate, Office of Consumer Advocate (ra-oca@paoca.org)
NazAarah Sabree, Small Business Advocate, Office of Small Business Advocate (ra-sba@pa.gov)

**Community Utilities of Pennsylvania,
Inc. Supplement No. 18 to Tariff Water
Pa. P.U.C. No. 1**

COMMUNITY UTILITIES OF PENNSYLVANIA INC.

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WATER SERVICE

TO THE PUBLIC IN STROUD AND POCONO TOWNSHIPS IN MONROE COUNTY, A
PORTION OF HANOVER TOWNSHIP IN NORTHAMPTON COUNTY, AND PORTIONS
OF LEHMAN TOWNSHIP IN PIKE COUNTY,

PENNSYLVANIA

Service Territory Formally Known as Penn Estates Utilities, Inc., Utilities, Inc., and
Pennsylvania Utility Company

ISSUED: December 12, 2025

EFFECTIVE: January 1, 2026

ISSUED BY:

Justin Kersey, President 500
W. Monroe Suite 3600
Chicago, IL 60660
(800) 860-4512

NOTICE

This supplement is used to change the State Tax Adjustment Surcharge. (See Leaf No.
2)

(C)
|
(C)

(C) Indicates Change

LIST OF CHANGES

Tariff Supplement No. 18 has been filed to reflect the impact of the 2026 reduction in the Pennsylvania Corporate State Income Tax Rate from 7.99% to 7.49% in the State Tax Adjustment Surcharge (STAS).

(C)
|
(C)

(C) Indicates Change

PART I: SURCHARGE

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of -0.16% will apply to all charges (D) for service rendered on or after the effective date of this tariff.

The above surcharge will be recomputed, using the same elements prescribed by the Commission.

- a. Whenever any of the tax rates used in the calculation of the surcharge are changed.
- b. Whenever the utility makes effective any increased or decreased rates; and
- c. On March 31, 1999, and each year thereafter.

The above recalculation will be submitted to the Commission within 10 days after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one then in effect, the Company will, and if the recomputed surcharge is more than the one in effect, the Company may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

(C) Indicates Change (I) Indicates Increase (D) Indicates Decrease

Community Utilities of Pennsylvania Inc.
State Tax Adjustment Surcharge (STAS)
2026 Filing

Exhibit 1

Surcharge Calculation

<u>Line No.</u>	<u>Water Description</u>	<u>Amount</u>
	<u>Surcredit Calculation (Approved Revenues)</u>	
1	Revenue Approved (Docket No. R-2023-3042804)	3,557,399
2	Reduction in Revenue Requirement Due to CNIT change	<u>(5,526)</u>
3	Proposed Surcredit (L3/L2)	<u><u>-0.16%</u></u>
	<u>Sewer Description</u>	
	<u>Surcredit Calculation (Approved Revenues)</u>	
4	Revenue Approved (Docket No. R-2023-3042805)	4,828,648
5	Reduction in Revenue Requirement Due to CNIT change	<u>(6,424)</u>
6	Proposed Surcredit (L6/L4)	<u><u>-0.13%</u></u>

Community Utilities of Pennsylvania Inc.
State Tax Adjustment Surcharge (STAS)
2026 Filing

Exhibit 2

Revenue Requirement Adjustment due to CNIT Change - Equity Portion of Rate Base

Water				
<u>Line No.</u>	<u>Description</u>	<u>Required Net Income</u>	<u>Retention Factor</u>	<u>Revenue Requirement</u>
		[A]	[B]	[C]
1	Equity Rate Base (Current CNIT)	\$723,448	0.707631	\$ 1,022,352
2				
3	Equity Rate Base (Adjusted CNIT)	\$723,448	0.711477	\$ 1,016,826
4				
5	Change in Revenue Requirement			<u>\$ (5,526)</u>
Sewer				
<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Retention Factor</u>	<u>Revenue Requirement</u>
		[A]	[B]	[C]
6	Equity Rate Base (Current CNIT)	\$841,103	0.707631	\$ 1,188,618
7				
8	Equity Rate Base (Adjusted CNIT)	\$841,103	0.711477	\$ 1,182,194
9				
10	Change in Revenue Requirement			<u>\$ (6,424)</u>

Rate Base Return

Water						
Line No.	Assumed Approved (Docket No. R-2023-3042804)	Capitalization Ratio	Original Cost Rate Base	Embedded Cost	Overall Cost Rate	Net Income Requirement
		(a)	(b)	(c)	(d)	(e)
1	Debt	50.00%	7,496,871	5.24%	2.62%	\$392,836
2	Equity	50.00%	7,496,871	9.65%	4.83%	\$723,448
3	Total	100.00%	\$14,993,742		7.45%	\$1,116,284

Sewer						
Line No.	Assumed Approved (Docket No. R-2023-3042805)	Capitalization Ratio	Original Cost Rate Base	Embedded Cost	Overall Cost Rate	Net Income Requirement
		(a)	(b)	(c)	(d)	(e)
3	Debt	50.00%	8,716,095	5.24%	2.62%	\$456,723
4	Equity	50.00%	8,716,096	9.65%	4.83%	\$841,103
5	Total	100.00%	\$17,432,191		7.45%	\$1,297,827

Community Utilities of Pennsylvania Inc.
 State Tax Adjustment Surcharge (STAS)
 2026 Filing

Exhibit 4

Revenue Gross Up

<u>Line No.</u>	<u>Item</u>	Corporate Net Income	Corporate Net	Corporate Net	Corporate Net
		Tax Change effective 1/1/2025	Income Tax Change effective 1/20/2023	Income Tax Change effective 1/1/2026	Income Tax Change effective 1/20/2024
		Water Operations	Sewer Operations	Water Operations	Sewer Operations
1	Gross Up Factor:				
2	Total revenue	1.000000	1.000000	1.000000	1.000000
3	Uncollectable	0.019900	0.019900	0.019900	0.019900
4	Utility Commission Tax	0.006580	0.006580	0.006580	0.006580
5	Balance (L1 - L2 - L3)	0.973520	0.973520	0.973520	0.973520
6	Corporate Net Income Tax (CNIT)	0.077784	0.077784	0.072917	0.072917
7	Federal Income tax	0.188105	0.188105	0.189127	0.189127
8	Balance (L4 - L5 - L6)	0.707631	0.707631	0.711477	0.711477

	Approved Increase	% Increase	Base Revenue	Revenue After Increase
			Filing Template	Filing Template
Water	1,227,537.67	52.69%	2,329,861.72	3,557,399.39
Sewer	1,447,621.17	42.82%	3,381,026.34	4,828,647.51
	2,675,158.84		5,710,888.07	8,386,046.90