



December 16, 2025

**Matthew 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.  
Distribution System Improvement Charge (DSIC) Filing**

Dear Secretary Homsher,

Pursuant to the Settlement Agreement in Dockets R-2024-3045192 and R-2024-3045193, Veolia Water Pennsylvania's DSIC surcharge rate was initially reset to zero. On April 1, 2025, the rate increased to 0.62% to recover reconciling differences from 2023 and 2024. These differences have now been fully collected, and the DSIC surcharge rate has been reset to 0.00%.

Under the terms of the Settlement Agreement, the Company agreed to not impose a DSIC until total plant in service balances exceeded the projected levels established for the fully projected future test year ("FPFTY") ending October 31, 2025. These threshold amounts were set at \$569,106,389 for Water operations and \$9,125,095 for Wastewater operations. The actual total plant in service balances recorded at the FPFTY were \$566,093,250 and \$8,942,997, respectively. In accordance with these settlement provisions, and as detailed on page 5/7 of this filing, the Company has made the necessary adjustments to exclude \$3,195,237 (calculated as \$578,231,484 less \$575,036,247) from November's eligible plant in service additions. Given that only \$1,886,026 in eligible additions were available—an amount lower than the required adjustment of \$3,195,237—the DSIC rate will remain at 0.00%.

In accordance with Order P-00961031 dated August 26, 1996, please find enclosed via electronic filing the supporting work papers that calculate the DSIC surcharge.

I can be reached via email at [Katherine.Arp@veolia.com](mailto:Katherine.Arp@veolia.com) if you have any questions pertaining to this filing.

Best regards,

A handwritten signature in black ink that reads "Katherine Arp".

Katherine Arp

Manager Rates and Regulatory Affairs

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Paramus, NJ 07652  
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## Enclosures

cc: Office of Consumer Advocate  
Office of Small Business Advocate  
Bureau of Investigation and Enforcement  
Maryanne Hatch  
Stacey Gress  
Lela Buzaladze  
Larry Finnicum  
Michael Watkin

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

Acting Interim Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

Acting Small Business Advocate  
Commonwealth of Pennsylvania  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Veolia Water Pennsylvania Inc.

*Katherine Arp*

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Katherine Arp  
Manager Rates and Regulatory Affairs

Dated: December 16, 2025

**Veolia Water Pennsylvania  
Distribution System Improvement Charge  
To Become Effective January 1, 2026**

<u>Symbol</u>	<u>Description</u>	<u>Annual</u>	<u>Quarterly</u>	
	Net Additions 11/30/2025		\$ -	
	Accum. Depreciation 11/30/2025		-	
	Accum. Federal ADIT 11/30/2025		-	
<b>(DSI)</b>	Net Rate Base Additions 11/30/2025		<u>\$ -</u>	
	Annual Pretax Rate of Return	9.22%		
<b>(PTRR)</b>	Quarterly Pretax Rate of Return		2.31%	
<b>(DSIxPTRR)</b>	Quarterly Capital Cost Recovery		-	
	Annual Depreciation Expense	\$ -		<b>Monthly</b>
<b>(DEP)</b>	Quarterly Depreciation Expense		-	<b>Recoverable</b>
				<b>Amount</b>
<b>(STFT)</b>	State Tax Flow Through		-	
<b>(DSIxPTRR)+ Dep</b>	Current Period Recoverable Cost Amount		<u>\$ -</u>	-
	<b>Current Cost Recovery Rate</b>			<b>0.00%</b>
	(Over) / Under Collection [A]			-
				<b>0.00%</b>
	Adj. for Acc. Depr. omitted from last filing [B]			-
				<b>0.00%</b>
	"E Factor"			-
<b>(E)</b>	Net "E Factor" Amount	<u>-</u>		
	Quarterly "E Factor" Amount		<u>\$ -</u>	<u>\$ -</u>
	<b>" E Factor" Rate</b>			<b>0.00%</b>
<b>(DSIxPTRR)+ DEP + E</b>	Total DSIC Requirement (Quarterly)		<u>\$ -</u>	<u>\$ -</u>
<b>(PQR)</b>	Projected Quarterly Revenue		<u>\$ 16,111,815</u>	
<b>(DSIC)</b>	<b>DSIC Surcharge Rate Calculated As:</b>			<u>0.00%</u>
	<b>DSIC Surcharge Rate Capped:</b>			<u>7.50%</u>

[A] Represents (Over) / Under Collection after annual audit

**Veolia Water Pennsylvania  
Infrastructure Replacement Additions  
November 30, 2025**

<b>Description</b>	<b>Account #</b>	<b>11/30/2025 DSIC Eligible Additions</b>	<b>FPFTY Balance Adjustment [1]</b>	<b>Total DSIC Eligible Additions</b>
Mains	331.4	\$ 1,245,813	\$ (2,110,612)	\$ -
Services	333.4	558,265	(945,793)	-
Meters	334.4	32,773	(55,523)	-
Hydrants	335.4	49,174	(83,309)	-
Cumulative Amounts		<u>\$ 1,886,026</u>	<u>(3,195,237)</u>	<u>\$ -</u>

[1] Dockets R-2024-3045192 and R-2024-3045193: Per the Settlement Agreement, the Company cannot impose a DSIC until total plant in service balances exceed projected FPFTY (ending October 31, 2025) thresholds of \$569,106,389 (Water) and \$9,125,095 (Wastewater). Actual FPFTY balances were \$566,093,250 and \$8,942,997, respectively. Accordingly, the Company excluded \$3,195,237 (\$578,231,484 less \$575,036,247) from November's eligible plant additions.

**Veolia Water Pennsylvania Inc.**  
**Calculation of Annual Depreciation Expense**  
**November 30, 2025**

Account Number	Description	Net Additions	Depreciation Rate	Annual Depreciation Expense
331	Replacement Mains	\$ -	1.42%	\$ -
333	Replacement Services	-	1.78%	-
334	Replacement Meters	-	5.63%	-
335	Replacement Hydrants	-	1.81%	-
	Total	<u>\$ -</u>	0.00%	<u>\$ -</u>

Quarterly Depreciation Expense \$ -

Tax depreciation rate 4.00%  
Ratio Tax over book depreciation -

**Veolia Water Pennsylvania Inc.**  
**Consolidated Capital Structure of Veolia Water Resources**

	<b>** Percentage</b>	<b>* Cost</b>	<b>Weighted Cost</b>	<b>Revenue Multiplier</b>	<b>Before Income Tax</b>
Long Term Debt	47.92%	4.57%	2.19%	1	2.19%
Common Equity	52.08%	9.75%	5.08%	1.38412	7.03%
Totals	<u>100.00%</u>		<u>7.27%</u>		<u>9.22%</u>

\* The return on equity is based on the most current return calculated by the Commission Staff for the Water Barometer Group. Year ended 6/30/2025 Dated 10/23/2025

\*\* The Capital Structure and Debt Cost are based on Veolia Water Resources' Financial Statements at 11/30/2025