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VIA e-Filing

December 17, 2025

Matthew L. Homsher, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Pennsylvania-American Water Company (Utility Code: 230073)
Wastewater Operations State Tax Adjustment Surcharge (STAS)**

Dear Secretary Homsher:

Attached please find Supplement No. 65 to Tariff Wastewater PA P.U.C. No. 16 for Pennsylvania-American Water Company which bears the issue date of December 17, 2025.

This Tariff supplement decreases the State Tax Adjustment Surcharge (STAS) on page 17 (3rd Revision) from 0.00% to (0.24%), effective January 1, 2026. The attached calculation of this surcharge includes the regulatory asset of the January 2025 STAS at Docket No. M-2022-3037158.

The Company has calculated the surcharge to be effective for the period of January 1, 2026 through August 12, 2026, after which time base rates, as proposed under Docket No. R-2025-3058051, are anticipated to go into effect and the STAS will reset to zero.

If you have any questions, please contact me.

Sincerely,

Elizabeth Rose Triscari

Attachments

cc. Office of Consumer Advocate w/Attachments VIA E-Mail
Bureau of Investigation and Enforcement w/Attachments VIA E-Mail
Office of Small Business Advocate w/Attachments VIA E-Mail
Bureau of Audits w/Attachments VIA E-Mail
Bureau of Technical Utility Services w/Attachments VIA E-Mail
Marissa Boyle (Bureau of Technical Utility Services) w/Attachments VIA E-Mail

PENNSYLVANIA-AMERICAN WATER COMPANYS
Wastewater Division
(hereinafter referred to as the “Company”)
D/B/A
Pennsylvania American Water

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,
BUTLER COUNTY, CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY,
LACKAWANNA COUNTY, LANCASTER COUNTY, LUZERNE COUNTY, MCKEAN COUNTY,
MONROE COUNTY, MONTGOMERY COUNTY, NORTHUMBERLAND COUNTY,
PIKE COUNTY, WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued: December 17, 2025

Effective: January 1, 2026

Issued by:
Justin Ladner, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

<https://www.amwater.com/paaw/>

NOTICE

**This Tariff supplement increases the Distribution System Improvement Charge.
(Refer to pages 2, 4, and 17.)**

LIST OF CHANGES

This tariff supplement decreases the State Tax Adjustment Surcharge on page 17 (4th revision) from 0.00% to (0.24%), effective January 1, 2026.

PENNSYLVANIA-AMERICAN WATER COMPANY

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(C) means Change and (D) means Decrease

SCHEDULE OF RATES

STATE TAX ADJUSTMENT SURCHARGE

In addition to the net charges provided for in this Tariff, a surcharge of negative **(0.24%)** will apply **(D)** bills rendered on and after the Effective Date shown on the bottom of this page.

The above surcharges will be recomputed; using the elements prescribed by the Commission whenever any of the tax rates used in calculation of the surcharge are changed.

The above recalculations will be submitted to the Commission within 10 days after the occurrence of the event or date which occasioned such recomputations. If the recomputed surcharge is less than the one 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.

(D) means Decrease

Pennsylvania-American Water Company
Comparison of State Income Tax Rate Calculations

		Commission Approved Rate Case at Docket No. R-2023-3043189 & R-2023-3043190		
		Effective August 7 , 2024		
LINE NO.	DESCRIPTION	Total Company	Water	Wastewater
1	Operating Revenues	\$1,093,507,497	\$885,669,232	\$207,838,265
2	Less: O&M Expenses	314,346,441	261,533,961	52,812,480
3	Book Depreciation	258,979,935	211,186,549	47,793,386
4	Utility Operating Income Before Taxes	\$520,181,121	\$412,948,722	\$107,232,399
5	Less: Interest Expense	122,396,573	98,016,503	24,380,070
6	Taxable Operating Income	397,784,548	314,932,219	82,852,329
7	Add: Premature Property Losses / Amortizations	(2,902,127)	(2,902,266)	139
8	Depr - Straight Line-Remaining Life (Including COR)	261,882,062	214,088,815	47,793,247
9	Taxable Meals & Entertainment	182,416	170,260	12,156
10	Total	259,162,351	211,356,809	47,805,542
	Deduct:			
11	Tax Depreciation:			
12	State Tax Depreciation Adjustments	323,226,625	287,694,111	35,532,514
13	Total	323,226,625	287,694,111	35,532,514
14	State Taxable Income	333,720,274	238,594,917	95,125,357
15	State Income Tax Rate at 7.99% (2025 Rate)	26,664,250	19,063,734	7,600,516
16	State Income Tax Rate at 7.49% (2026 Rate)	24,995,649	17,870,759	7,124,889
17	Effect of State Tax Rate Change on Income	(1,668,601)	(1,192,975)	(475,627)

Pennsylvania-American Water Company
Calculation of State Tax Adjustment Surcharge
For the period January 1, 2026 - August 12, 2026 ^[1]

State Income Tax		<u>Water</u>	<u>Wastewater</u>	<u>Total Company</u>
In Base Rates @ 7.99%		\$19,063,734	\$7,600,516	\$26,664,250
CNIT @ 7.49%		17,870,759	7,124,889	24,995,649
<u>Difference in Base Rates</u>		<u>(\$1,192,975)</u>	<u>(\$475,627)</u>	<u>(\$1,668,601)</u>
January 1 - August 12, 2026		(732,127)	(291,892)	(1,024,018)
2024 STAS Asset (Docket No. M-2022-3037158)		25,859	11,561	37,420
Total [a]		(706,268)	(280,331)	(986,599)
Projected Revenues				
January 1 - August 12, 2026 [b]		\$562,200,135	\$118,692,538	\$680,892,674
STAS Surcharge Eff 1/1/26 [a]/[b]		-0.13%	-0.24%	

[1] The Company has a pending base rate case at Docket Nos. R-2025-3057983 and R-2025-3058051. New rates are anticipated to be effective on August 13, 2026 based on a full suspension.

Pennsylvania-American Water Company
Reconciliation of Billed Revenues
For the period January 1, 2024 - August 6, 2024

STAS - Water

	Calculated	Actual Revenues	Over/(Under)
January-24	(\$104,783)	(\$98,447)	(\$6,336)
February-24	(\$104,783)	(\$102,246)	(\$2,536)
March-24	(\$104,783)	(\$101,014)	(\$3,768)
April-24	(\$104,783)	(\$98,189)	(\$6,594)
May-24	(\$104,783)	(\$104,424)	(\$359)
June-24	(\$104,783)	(\$115,950)	\$11,168
July-24	(\$104,783)	(\$115,093)	\$10,310
August-24	(\$12,259)	(\$36,232)	\$23,973
Total Water	(\$745,737)	(\$771,596)	\$25,859

STAS- Wastewater

	Calculated	Actual Revenues	Over/(Under)
January-24	(\$46,316)	(\$34,348)	(\$11,968)
February-24	(\$46,316)	(\$42,774)	(\$3,542)
March-24	(\$46,316)	(\$42,601)	(\$3,714)
April-24	(\$46,316)	(\$43,171)	(\$3,145)
May-24	(\$46,316)	(\$49,033)	\$2,718
June-24	(\$46,316)	(\$51,576)	\$5,260
July-24	(\$46,316)	(\$49,746)	\$3,431
August-24	(\$5,419)	(\$27,940)	\$22,522
Total Wastewater	(\$329,628)	(\$341,189)	\$11,561

	Calculated	Actual	Over/(Under)
Total Company	(\$1,075,365)	(\$1,112,785)	\$37,420