



February 27, 2026

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 December 31, 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 at (201) -750-5764 or 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 horizontal stroke 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
Stacey Gress
Katherine Arp

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Veolia Water Pennsylvania
FINANCIAL REPORT
For the Twelve Months Ended 12/31/2025
(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	581,386	1.0000	\$581,386	\$18,927	\$600,314
(2) Less: Depreciation Reserve	104,061	1.0000	104,061		104,061
(3) Net Plant in Service	477,325		477,325	18,927	496,252
<u>Additions:</u>					
(4) Land/Plant Held for Future Use	53	1.0000	53		53
(5) Materials & Supplies & Fuel Stocks	919	1.0000	919		919
(6) Cash Working Capital [b]	790	1.0000	790		790
(7) Other-Acquisition adjustments	69	1.0000	69		69
(8) Regulatory Assets	0	1.0000	0		0
<u>Deductions:</u>					
(9) Accumulated Deferred Income Taxes	0	1.0000	0		0
(10) Liberalized Depreciation	16,129	1.0000	16,129		16,129
(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	46,219	1.0000	46,219		46,219
(15) Contributions in Aid of Construction	55,699	1.0000	55,699		55,699
(16) Other	0	1.0000	0		0
(17) TCJA	9,127	1.0000	9,127		9,127
(18) RATE BASE	\$351,960		\$351,960	\$18,927	\$370,888
(19) Operating Revenues	72,373	1.0000	72,373	0	72,373
<u>Operating Expenses</u>					
(20) Operation & Maintenance	25,521	1.0000	25,521	524	26,046
(21) Annual Depreciation	11,932	1.0000	11,932	1,208	13,141
(22) Taxes - Other than Income	1,373	1.0000	1,373		1,373
(23) State Income Tax - Current	1,323	1.0000	1,323	602	1,925
(24) Federal Income Tax - Current	3,259	1.0000	3,259	1,383	4,642
(25) Deferred Income Taxes	2,718	1.0000	2,718	(2,718)	0
(26) Investment Tax Credit (Net)	0	1.0000	0	0	0
(27) Total Operating Expenses	46,127		46,127	999	47,126
(28) INCOME AVAILABLE FOR RETURN	\$26,246		\$26,246	(\$999)	\$25,247
RATE OF RETURN - OVERALL	7.46%		7.46%		6.81%

[a] Schedule B and Schedule C

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

SCHEDULE C

Veolia Water Pennsylvania
EXPLANATION OF ADJUSTMENTS
For the Twelve Months Ended 12/31/2025

(Thousands of Dollars)

Rate Base Adjustments

(1)	Utility Plant in Service	18,927 (a)
	Total Rate Base Adjustments	18,927

Income Statement Adjustments

(1)	State Tax Adjustment	0
(2)	Labor annualized	442
(3)	M&S Shared Assets	109
(4)	Bad Dbt-Provsn-Cust Acct Uncol	(27)
(5)	Depreciation Expense Annualization	1,208
(6)	State and Federal Income Tax Normalization	(734)
	Total Income Statement Adjustments	999

Explanation of Changes to Intrastate Allocation Factors (if applicable)

Note:(a) Includes CWIP at 12/31/2025 plus additional UPIS at 03/31/2026

**Veolia Water Pennsylvania
Intrastate Per Books
Calculation of Return on Common Equity
For the Twelve Months Ended 12/31/2025**

(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	47.85%		\$351,960		\$168,424		4.57%		\$7,703
2) Preferred	0.00%		\$351,960		0		0.00%		0
3) Common Equity	<u>52.15%</u>		\$351,960		<u>183,536</u>				
4) Total	<u>100.00%</u>				<u>\$351,960</u>				<u>\$7,703</u>

For the Twelve Months Ended 12/31/2025

	Intrastate Per Books
5) Income Available for Return (from Sch. A, Col. 3, Line 26)	\$26,246
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$7,703</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$18,543</u>
8) Debt Cost (Col 5., Line 1)	\$7,703
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>7,703</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>\$18,543</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>10.10%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>10.10%</u>

**Veolia Water Pennsylvania
Intrastate Pro Forma Results
Calculation of Return on Common Equity
For the Twelve Months Ended 12/31/2025**

(Thousands of Dollars)

	Capital Ratios(a) (1)		Rate Base(b) (2)		Totals (3)		Embedded Cost Rates(c) (4)		Total Rate Base Related Cost of Debt and Preferred & Preference (5)
	(a) Sch. E Col. 2	x	(b) Sch. A. Col. 5 Line 16	=		x	(c) Sch. F Col. 7	=	
1) Debt	47.85%		\$370,888		\$177,481		4.57%		\$8,117
2) Preferred	0.00%		\$370,888		0		0.00%		0
3) Common Equity	<u>52.15%</u>		\$370,888		<u>193,407</u>				<u>0</u>
4) Total	<u>100.00%</u>				<u>\$370,888</u>				<u>\$8,117</u>

For the Twelve Months Ended 12/31/2025

	Intrastate Adjusted
5) Income Available for Return (from Sch. A, Col. 5, Line 26)	\$25,247
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$8,117</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$17,130</u>
8) Debt Cost (Col 5., Line 1)	\$8,117
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>8,117</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>\$17,130</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>8.86%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>8.86%</u>

SCHEDULE E

**Veolia Water Pennsylvania
Calculation of Capital Structure and Related Ratios
For the Twelve Months Ended 12/31/2025**

(Thousands of Dollars)

	Total Company Actual Amount Outstanding (1)	Ratios (2)
Total Debt (Sch. F., Col. 4)	\$1,805,000	47.85%
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	1,374,023	
Other		
Total Common Equity	1,966,961	52.15%
Total Capital	\$3,771,961	100.00%

SCHEDULE F

**Veolia Water Pennsylvania
Cost of Debt and Preferred Stock as Adjusted
For the Twelve Months Ended 12/31/2025**

(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	4.57%	47.85%	2.19%
Short Term Debt (If Applicable)							
Total				1,805,000	4.57%	47.85%	2.19%
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 12/31/2025

Overall Return Actual (Schedule A)	Overall Return Adjusted (Schedule A)	Equity Return Actual (Schedule D-1)	Equity Return Adjusted (Schedule D-2)
7.46%	6.81%	10.10%	8.86%
