



March 18, 2026

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

Dear Secretary Homsher,

Per the terms of the Settlement Agreement approved by the Commission in Dockets R-2024-3045192 and R-2024-3045193, 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 October 31, 2025 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 the total eligible plant additions for the period of November 1, 2026, through February 28, 2026. The calculated DSIC surcharge rate of 0.13% is based on: (1) 0.12% related to \$749,190 in plant in service additions for the period November 1, 2025, through February 28, 2026; and (2) 0.1% related to the under collection of \$1,435 from prior period reconciling differences for 2023 and 2024.

Pursuant to Order P-00961031 dated August 26, 1996, please find enclosed via electronic filing the supporting work papers that support an increase in the DSIC surcharge from 0.00% to 0.13%. Copies of the following tariff leaves are included for this filing:

- Title Page to Supplement No. 77 to Water – Pa. P.U.C. No. 7
- List of Changes Made by this Tariff – Sixty Eighth Revised Page 2
- Index - Fifty third Revised Page 3
- Index - Twenty Fourth Revised Page 3A
- Distribution System Improvement Charge - Forty Eighth Revised Page 63

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I can be reached via email at 201-750-5764 or via email at Lela.Buzaladze@veolia.com if you have any questions pertaining to this filing.

Best regards,

Lela Buzaladze
Senior Regulatory Specialist

Enclosures

cc: Office of Consumer Advocate
Office of Small Business Advocate
Bureau of Investigation and Enforcement
Maryanne Hatch
Stacey Gress
Katherine Arp
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).

Interim Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Small Business Advocate
Commonwealth of Pennsylvania
Office of Small Business Advocate
555 Walnut Street
1st 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.



Lela Buzaladze
Senior Regulatory Specialist

Dated: March 18, 2026

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

<u>Symbol</u>	<u>Description</u>	<u>Annual</u>	<u>Quarterly</u>	
	Net Additions 11/01/2025-2/28/2026		\$ 749,190	
	Accum. Depreciation 11/01/2025-2/28/2026		(3,348)	
	Accum. Federal ADIT 11/01/2025-2/28/2026		(872)	
(DSI)	Net Rate Base Additions 11/01/2025-2/28/2026		<u>\$ 744,970</u>	
	Annual Pretax Rate of Return	9.24%		
(PTRR)	Quarterly Pretax Rate of Return		2.31%	
(DSIxPTRR)	Quarterly Capital Cost Recovery		17,209	
	Annual Depreciation Expense	\$ 13,390		Monthly Recoverable
(DEP)	Quarterly Depreciation Expense		3,348	<u>Amount</u>
(STFT)	State Tax Flow Through		(430)	
(DSIxPTRR)+ Dep	Current Period Recoverable Cost Amount		<u>\$ 20,126</u>	6,709
	Current Cost Recovery Rate			0.12%
	(Over) / Under Collection [A]		1,435	478
	Adj. for Acc. Depr. omitted from last filing [B]			-
	"E Factor"			0.00%
				-
(E)	Net "E Factor" Amount	<u>-</u>		
	Quarterly "E Factor" Amount		\$ 1,435	\$ 478
	" E Factor" Rate			0.01%
(DSIxPTRR)+ DEP + E	Total DSIC Requirement (Quarterly)		<u>\$ 21,561</u>	<u>\$ 7,187</u>
(PQR)	Projected Quarterly Revenue		<u>\$ 16,419,404</u>	
(DSIC)	DSIC Surcharge Rate Calculated As:			<u>0.13%</u>
	DSIC Surcharge Rate Capped:			<u>7.50%</u>

[A] Represents (Over) / Under Collection after annual audit, recovery period - three months (April, May, and June 2026)

**Veolia Water Pennsylvania
Infrastructure Replacement Additions
November 1, 2025 to February 28, 2026**

Description	Account #	11/1/25 -11/30/25 DSIC Eligible Additions	12/1/25 - 2/28/26 DSIC Eligible Additions	FPFTY Balance Adjustment [1]	Total DSIC Eligible Additions
Mains	331.4	\$ 1,245,813	\$ 1,192,088	\$ (1,974,856)	\$ 463,046
Services	333.4	558,265	648,986	\$ (977,951)	229,301
Meters	334.4	32,773	202,040	\$ (190,214)	44,600
Hydrants	335.4	49,174	15,286	(52,217)	12,243
Cumulative Amounts		<u>\$ 1,886,026</u>	<u>\$ 2,058,401</u>	<u>(3,195,237)</u>	<u>\$ 749,190</u>

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

Veolia Water Pennsylvania Inc.
Calculation of Annual Depreciation Expense
November 1, 2025 to February 28, 2026

Account Number	Description	Net Additions	Depreciation Rate	Annual Depreciation Expense
331	Replacement Mains	\$ 463,046	1.42%	\$ 6,575
333	Replacement Services	229,301	1.78%	4,082
334	Replacement Meters	44,600	5.63%	2,511
335	Replacement Hydrants	12,243	1.81%	222
	Total	<u>\$ 749,190</u>	1.79%	<u>\$ 13,390</u>

Quarterly Depreciation Expense \$ 3,348

Tax depreciation rate 4.00%
Ratio Tax over book depreciation 2.24

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

	** Percentage	* Cost	Weighted Cost	Revenue Multiplier	Before Income Tax
Long Term Debt	47.67%	4.57%	2.18%	1	2.18%
Common Equity	52.33%	9.75%	5.10%	1.38412	7.06%
Totals	100.00%		7.28%		9.24%

* 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 2/28/2026

**Veolia Water Pennsylvania
DSIC E-factor Reconciliation
For the Year Ended December 31, 2025**

Month		E-factor amt to be collected/ (refunded)	E-factor amt actually collected/ (refunded)	Revenue Over (Under) Collected
January	\$	-	\$ -	\$ -
February		-	-	-
March		-	-	-
April	[a]	33,554	19,803	(13,751)
May	[a]	33,554	32,940	(614)
June	[a]	33,554	34,288	734
July		-	12,196	12,196
August		-	-	-
September		-	-	-
October		-	-	-
November		-	-	-
December		-	-	-
Totals		\$ 100,662	99,227	(1,435)

[a] The monthly amount of \$33,554 represents prior period reconciling differences from 2023 and 2024 DSIC reconciliations, approved for collection in the "Effective April 1, 2025" filing.

VEOLIA WATER PENNSYLVANIA INC.

Supplement No. 77 to:
Water – Pa. P.U.C. No. 7

VEOLIA WATER PENNSYLVANIA INC.

Harrisburg, Pennsylvania,

Rates, Rules and Regulations

Governing the Distribution of Water in

(See Page 5 for Territories Served)

ISSUED: March 18, 2026

EFFECTIVE: April 1, 2026

BY: Larry Finnicum, Regional President
Veolia Water Pennsylvania Inc.
6310 Allentown Road
Harrisburg, PA 17111

NOTICE

This Supplement Tariff increases the Distribution System Improvement Charge

LIST OF CHANGES MADE BY THIS SUPPLEMENT

This tariff supplement increases the Distribution System Improvement Charge from 0.00% to 0.13% (I) in accordance with the Commission Order at P-00961031 entered on August 26, 1996.

- (A) Indicates an Addition
- (I) Indicates an Increase
- (D) Indicates a Decrease
- (C) Indicates a Change

DRAFT

INDEX

List of Changes Made by this Tariff	Page 2	(C)
Index	Page 3 -3A	(C)
State Tax Adjustment Surcharge STAS	Page 4	
Territories Served	Page 5	
Schedule of Rates		
Meter Rates - Residential	Page 6	
Meter Rates – Commercial/Public Authority	Page 6A	
Meter Rates – Industrial Service	Page 6B	
Rates – Customers Residing in Mahoning, Montour County	Page 6C	
Rates – Customers Residing in Franklin County	Page 6D	
Rates – Customers Residing in Dallas, Luzerne County	Page 6E	
Schedule of Meter Rates – Customers Residing in the former Veolia Water Bethel, Inc. Service Area	Page 6F	
Meter Rates - Large Industrial Customers	Page 7	
Rates for Public Fire Hydrant Service	Page 8	
Rates for Public Fire Hydrant Service Customers Residing in the former Veolia Water Bethel, Inc. Service Area	Page 8A	
Rates for Private Fire Hydrant Service	Page 9	
Rates for Private Fire Hydrant Service Customers Residing in the former Veolia Water Bethel, Inc. Service Area	Page 9A	
Rates for Private Fire Sprinkler and Hose Service	Page 10 – 10A	
Rates for Private Fire Sprinkler and Hose Service Customers Residing in the former Veolia Water Bethel, Inc. Service Area	Page 10B	
Schedule of Wholesale Service Rates Customers Residing in the former Veolia Water Bethel, Inc. Service Area	Page 10C	
Non-Residential Standby Rate	Page 11	
Miscellaneous Fees and Charges	Pages 12 - 14	
Industrial Economical Rate	Page 15	
Customer Assistance Program Rider	Page 15A – 15B	

INDEX (cont'd.)

Rules and Regulations Index	Page 16	
Rules and Regulations	Pages 17 - 56	
Water Conservation Contingency Plan	Pages 57 - 58	
Distribution System Improvement Charge	Pages 59 – 63	(I)
Federal Tax Adjustment Credit (“FTAC”)	Page 64	
Purchased Water Adjustment Charge	Page 65 - 66	
Customer Owned Lead Service Line Replacements (COLSL)	Page 67 - 68	

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.13% will apply to all charges for bills rendered on or after April 1, 2026 to customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc. (I)

The above charge will be recomputed quarterly, using the elements prescribed by the Commission in its Order dated August 26, 1996 at Docket No. P-00961031.

(I) Indicates an increase