



May 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-2026-3059582

Dear Secretary Homsher,

Enclosed please find the Financial Report of Veolia Water Pennsylvania Inc. for the twelve months ended March 31, 2026. This report has been distributed electronically to the Commission staff and interested parties below. An electronic Excel version has also been provided to Vanessa Johns.

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 flourish extending to the right.

Lela Buzaladze
Senior Regulatory Specialist

Enclosures

cc: Bureau of Investigation and Enforcement (rlayton@pa.gov, vanjohns@pa.gov, pdiskin@pa.gov)
Office of Small Business Advocate(ra-sba@pa.gov)
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Veolia Water Pennsylvania
FINANCIAL REPORT
For the Twelve Months Ended 03/31/2026
(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	585,256	1.0000	\$585,256	\$25,985	\$611,241
(2) Less: Depreciation Reserve	106,852	1.0000	106,852		106,852
(3) Net Plant in Service	478,404		478,404	25,985	504,389
<u>Additions:</u>					
(4) Land/Plant Held for Future Use	53	1.0000	53		53
(5) Materials & Supplies & Fuel Stocks	1,069	1.0000	1,069		1,069
(6) Cash Working Capital [b]	790	1.0000	790		790
(7) Other-Acquisition adjustments	55	1.0000	55		55
(8) Regulatory Assets	0	1.0000	0		0
<u>Deductions:</u>					
(9) Accumulated Deferred Income Taxes	0	1.0000	0		0
(10) Liberalized Depreciation	16,675	1.0000	16,675		16,675
(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	46,415	1.0000	46,415		46,415
(15) Contributions in Aid of Construction	56,228	1.0000	56,228		56,228
(16) Other	0	1.0000	0		0
(17) TCJA	8,948	1.0000	8,948		8,948
(18) RATE BASE	\$352,083		\$352,083	\$25,985	\$378,068
(19) Operating Revenues	69,970	1.0000	69,970	(39)	69,931
<u>Operating Expenses</u>					
(20) Operation & Maintenance	24,306	1.0000	24,306	(225)	24,081
(21) Annual Depreciation	12,150	1.0000	12,150	1,144	13,294
(22) Taxes - Other than Income	1,443	1.0000	1,443		1,443
(23) State Income Tax - Current	1,168	1.0000	1,168	547	1,715
(24) Federal Income Tax - Current	2,905	1.0000	2,905	1,543	4,447
(25) Deferred Income Taxes	2,848	1.0000	2,848	(2,848)	0
(26) Investment Tax Credit (Net)	0	1.0000	0	0	0
(27) Total Operating Expenses	44,819		44,819	161	44,980
(28) INCOME AVAILABLE FOR RETURN	\$25,151		\$25,151	(\$200)	\$24,951
RATE OF RETURN - OVERALL	7.14%		7.14%		6.60%

[a] Schedule B and Schedule C

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

Veolia Water Pennsylvania
SUMMARY OF PRO FORMA INTRASTATE ADJUSTMENTS
For the Twelve Months Ended 03/31/2026
 (Thousands of Dollars)

<u>Rate Base Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Taxes*</u>
(1) [REDACTED]				
(2) [REDACTED]				
(3) [REDACTED]				
<u>Income Statement Adjustments</u>				
(4) [REDACTED]				
(5) [REDACTED]				
(6) [REDACTED]				
(7) [REDACTED]				
(8) [REDACTED]				
(9) [REDACTED]				
(10) [REDACTED]				
Totals	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SCHEDULE C

Veolia Water Pennsylvania
EXPLANATION OF ADJUSTMENTS
For the Twelve Months Ended 03/31/2026

(Thousands of Dollars)

Rate Base Adjustments

(1)	Utility Plant in Service	25,985 (a)
	Total Rate Base Adjustments	25,985

Income Statement Adjustments

(1)	State Tax Adjustment	39
(2)	Labor annualized	(311)
(3)	M&S Shared Assets	137
(4)	Bad Dbt-Provsn-Cust Acct Uncol	(51)
(5)	Depreciation Expense Annualization	1,144
(6)	State and Federal Income Tax Normalization	(758)
	Total Income Statement Adjustments	200

Explanation of Changes to Intrastate Allocation Factors (if applicable)

Note:(a) Includes CWIP at 03/31/2026 plus additional UPIS at 06/30/2026

**Veolia Water Pennsylvania
Intrastate Per Books
Calculation of Return on Common Equity
For the Twelve Months Ended 03/31/2026**

(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	47.56%		\$352,083		\$167,440		4.57%		\$7,655
2) Preferred	0.00%		\$352,083		0		0.00%		0
3) Common Equity	<u>52.44%</u>		\$352,083		<u>184,643</u>				
4) Total	<u>100.00%</u>				<u>\$352,083</u>				<u>\$7,655</u>

For the Twelve Months Ended 03/31/2026

	Intrastate Per Books
5) Income Available for Return (from Sch. A, Col. 3, Line 26)	\$25,151
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$7,655</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$17,496</u>
8) Debt Cost (Col 5., Line 1)	\$7,655
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>7,655</u>
10) Difference (Line 8 Less Line 9)	0
11) Times: Composite State and Federal Income Tax Rate	<u>26.92%</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>\$17,496</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>9.48%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>9.48%</u>

**Veolia Water Pennsylvania
Intrastate Pro Forma Results
Calculation of Return on Common Equity
For the Twelve Months Ended 03/31/2026**

(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	47.56%		\$378,068		\$179,798		4.57%		\$8,220
2) Preferred	0.00%		\$378,068		0		0.00%		0
3) Common Equity	<u>52.44%</u>		\$378,068		<u>198,270</u>				<u>0</u>
4) Total	<u>100.00%</u>				<u>\$378,068</u>				<u>\$8,220</u>

For the Twelve Months Ended 03/31/2026

	Intrastate Adjusted
5) Income Available for Return (from Sch. A, Col. 5, Line 26)	\$24,951
6) Less: Total Rate Base Related Cost of Debt and Preferred (Col 5, Line 4)	<u>\$8,220</u>
7) Income Available for Common Equity (Line 5 Less Line 6)	<u>\$16,731</u>
8) Debt Cost (Col 5., Line 1)	\$8,220
9) Less: Interest Expense used to compute State and Federal Income Taxes	<u>8,220</u>
10) Difference (Line 8 Less Line 9)	0
11) Times: Composite State and Federal Income Tax Rate	<u>26.92%</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>\$16,731</u>
14) Return on Common Equity (Line 7/Line 3, Col. 3)	<u>8.44%</u>
15) Return on Common Equity, including Income Tax Effect of using Debt Cost (Line 13/Line 3, Col. 3)	<u>8.44%</u>

SCHEDULE E

**Veolia Water Pennsylvania
Calculation of Capital Structure and Related Ratios
For the Twelve Months Ended 03/31/2026**

(Thousands of Dollars)

	Total Company Actual Amount Outstanding (1)	Ratios (2)
Total Debt (Sch. F., Col. 4)	\$1,805,000	47.56%
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	1,397,500	
Other		
Total Common Equity	1,990,438	52.44%
Total Capital	\$3,795,438	100.00%

SCHEDULE F

**Veolia Water Pennsylvania
Cost of Debt and Preferred Stock as Adjusted
For the Twelve Months Ended 03/31/2026**

(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%	47.56%	2.17%
Short Term Debt (If Applicable)							
Total				1,805,000	4.57%	47.56%	2.17%
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 03/31/2026

Overall Return Actual (Schedule A)	Overall Return Adjusted (Schedule A)	Equity Return Actual (Schedule D-1)	Equity Return Adjusted (Schedule D-2)
7.14%	6.60%	9.48%	8.44%
