



June 17, 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 May 31, 2026. The calculated DSIC surcharge rate of 0.54% is based on \$3,329,172 in plant in service additions for the period November 1, 2025, through May 31, 2026.

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 0.13% to 0.54%. 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 - 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).

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: June 17, 2026

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

<u>Symbol</u>	<u>Description</u>	<u>Annual</u>	<u>Quarterly</u>	
	Net Additions 11/01/2025-5/31/2026		\$ 3,329,172	
	Accum. Depreciation 11/01/2025-5/31/2026		(23,258)	
	Accum. Federal ADIT 11/01/2025-5/31/2026		(3,682)	
(DSI)	Net Rate Base Additions 11/01/2025-5/31/2026		\$ 3,302,232	
	Annual Pretax Rate of Return	9.33%		
(PTRR)	Quarterly Pretax Rate of Return		2.33%	
(DSixPTRR)	Quarterly Capital Cost Recovery		76,942	
	Annual Depreciation Expense	\$ 79,639		Monthly Recoverable
(DEP)	Quarterly Depreciation Expense		19,910	<u>Amount</u>
(STFT)	State Tax Flow Through		(1,387)	
(DSixPTRR)+ Dep	Current Period Recoverable Cost Amount Current Cost Recovery Rate		\$ 95,465	31,822 0.54%
	(Over) / Under Collection [A]		-	-
	Adj. for Acc. Depr. omitted from last filing [B]			-
	"E Factor"			-
(E)	Net "E Factor" Amount	-		
	Quarterly "E Factor" Amount		\$ -	\$ -
	" E Factor" Rate			0.00%
(DSixPTRR)+ DEP + E	Total DSIC Requirement (Quarterly)		\$ 95,465	\$ 31,822
(PQR)	Projected Quarterly Revenue		\$ 17,730,336	
(DSIC)	DSIC Surcharge Rate Calculated As:			0.54%
	DSIC Surcharge Rate Capped:			7.50%

**Veolia Water Pennsylvania
Infrastructure Replacement Additions
November 1, 2025 to May 31, 2026**

Description	Account #	11/1/25 -11/30/25	12/1/25 - 2/28/26	3/1/26 - 5/31/26	FPFTY	Total
		DSIC Eligible Additions	DSIC Eligible Additions	DSIC Eligible Additions	Balance Adjustment [1]	DSIC Eligible Additions
Mains	331.4	\$ 1,245,813	\$ 1,192,088	\$ 1,161,644	\$ (1,974,856)	\$ 1,624,690
Services	333.4	558,265	648,986	629,516	\$ (977,951)	858,817
Meters	334.4	32,773	202,040	635,339	\$ (190,214)	679,938
Hydrants	335.4	49,174	15,286	153,483	(52,217)	165,727
Cumulative Amounts		<u>\$ 1,886,026</u>	<u>\$ 2,058,401</u>	<u>\$ 2,579,982</u>	<u>(3,195,237)</u>	<u>\$ 3,329,172</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 the total eligible plant additions.

Veolia Water Pennsylvania Inc.
Calculation of Annual Depreciation Expense
November 1, 2025 to May 31, 2026

Account Number	Description	Net Additions	Depreciation Rate	Annual Depreciation Expense
331	Replacement Mains	\$ 1,624,690	1.42%	\$ 23,071
333	Replacement Services	858,817	1.78%	15,287
334	Replacement Meters	679,938	5.63%	38,281
335	Replacement Hydrants	165,727	1.81%	3,000
	Total	<u>\$ 3,329,172</u>	2.39%	<u>\$ 79,639</u>

Quarterly Depreciation Expense \$ 19,910

Tax depreciation rate	4.00%	
Ratio Tax over book depreciation	1.67	
Tax depreciation		33,292
Book depreciation		19,910
Excess tax over book		13,382
FIT rate	21.00%	
Q2 ADIT		2,810
Cumulative ADIT		3,682
SIT		
SIT rate	7.49%	
Q2 STFT		\$ 1,002
Revenue conversion factor	1.38412	
		<u>\$ 1,387</u>

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

	** Percentage	* Cost	Weighted Cost	Revenue Multiplier	Before Income Tax
Long Term Debt	46.71%	4.57%	2.13%	1	2.13%
Common Equity	53.29%	9.75%	5.20%	1.38412	7.20%
Totals	100.00%		7.33%		9.33%

* The return on equity is based on the most current return calculated by the Commission Staff for the Water Barometer Group. Year ended 9/30/2025

** The Capital Structure and Debt Cost are based on Veolia Water Resources' Financial Statements at 5/31/2026

VEOLIA WATER PENNSYLVANIA, INC.

Supplement No. 78 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: June 17, 2026

EFFECTIVE: July 1, 2026

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

NOTICE

This tariff supplement No. 78 is filed to reflect an update (increase) in the rate of DSIC from 0.13% to 0.54% in accordance with the Commission Order at P-00961031 entered on August 26, 1996.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

This tariff supplement No. 78 is filed to reflect an update (increase) in the rate of from 0.13% to 0.54% in accordance with the Commission Order at P-00961031 entered on August 26, 1996.DSIC | (I)

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

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
(DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.54% will apply to all charges for bills rendered on or after July 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.

(1)

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 As modified in the Commission Order dated 10/27/2022 at Docket No. M-2012-2293611.

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