

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET NO. R-2024-3045192

AND

DOCKET NO. R-2024-3045193

EXHIBITS TO ACCOMPANY DIRECT TESTIMONY

OF

CONSTANCE E. HEPPENSTALL

GANNETT FLEMING  
VALUATION AND RATE CONSULTANTS, LLC

VEOLIA WATER PENNSYLVANIA, INC.

February 2024

# VEOLIA WATER PENNSYLVANIA INC.

HARRISBURG, PENNSYLVANIA

COST OF SERVICE  
ALLOCATION STUDY  
VEOLIA AND BETHEL  
WATER OPERATIONS  
FOR THE TEST YEAR ENDED  
OCTOBER 31, 2025



**GANNETT FLEMING**

Excellence Delivered As Promised

Exhibit No. CEH-1

VEOLIA WATER PENNSYLVANIA INC.  
Harrisburg, Pennsylvania

COST OF SERVICE  
ALLOCATION STUDY  
VEOLIA AND BETHEL WATER OPERATIONS  
FOR THE TEST YEAR ENDED  
OCTOBER 31, 2025

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC  
Camp Hill, Pennsylvania



**Gannett Fleming**  
**Valuation and Rate Consultants, LLC**

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January 26, 2024

Veolia Water M&S (Paramus), Inc.  
461 From Road, Suite 400  
Paramus, NJ 07640

Attention Mr. James C. Cagle  
Vice President, Rates and Regulatory Affairs

Gentlemen:

Pursuant to your request, we have conducted a cost of service allocation study for the Veolia and Bethel Water Operations based on the revenue requirements estimated for the test year ended October 31, 2025.

The attached report presents the results of the allocation study, as well as supporting schedules which set forth the detailed cost allocation calculations and the proposed schedule of rates. Schedule A presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

A handwritten signature in blue ink, appearing to read "C. Heppenstall".

CONSTANCE E. HEPPENSTALL  
Senior Project Manager, Rate Studies

CEH:mle

076494.200

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PART I. INTRODUCTION

Veolia WATER PENNSYLVANIA INC.  
COST OF SERVICE ALLOCATION STUDY  
FOR THE TEST YEAR ENDED DECEMBER 31, 2019

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on revenue requirements as of October 31, 2025, for Veolia Water Pennsylvania Inc. Veolia and Bethel Water Operations. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to specific customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates. Part III sets forth present and proposed rates with bill comparisons.

BASIS OF STUDY

The purpose of the cost allocation study was to determine the relative cost of service responsibilities of the several customer classifications within each operating district, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation study incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

## ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2017 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, and the number of customers.



Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

## RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended October 31, 2025, constitute the principal results of the cost allocation study and subsequent rate designs.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended October 31, 2025, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D sets forth the experienced average day and maximum day system sendout and the maximum day ratios from 2000 through 2022. Schedule E presents the basis for allocating demand related costs of fire service to private and public fire protection classifications.

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2025

Customer Classification (1)	Cost of Service		Revenues, Present Rates*		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 42,159,024	58.2%	\$ 35,257,068	61.0%	\$ 43,990,956	60.5%	\$ 8,733,888	24.8%
Commercial	19,292,375	26.6%	15,759,765	27.3%	19,427,277	26.7%	3,667,513	23.3%
Industrial	1,255,367	1.7%	1,006,656	1.7%	1,253,921	1.7%	247,266	24.6%
Large Industrial	870,422	1.2%	398,177	0.7%	561,287	0.8%	163,110	41.0%
Public Authority	2,210,512	3.1%	1,716,898	3.0%	2,219,467	3.1%	502,568	29.3%
Sales for Resale	2,053,820	2.8%	721,446	1.2%	1,301,990	1.8%	580,545	80.5%
Private Fire Service	3,108,623	4.3%	1,852,501	3.2%	2,727,873	3.8%	875,371	47.3%
Public Fire Service	1,488,954	2.1%	1,085,138	1.9%	1,193,325	1.6%	108,187	10.0%
Total Sales	72,439,098	100.0%	57,797,649	100.0%	72,676,097	100.0%	14,878,448	25.7%
Other Revenues Revenue to Mahoning Twp. Water	325,208		325,208		325,208 (237,000)		- (237,000)	0.0%
Total	\$ 72,764,305		\$ 58,122,857		\$ 72,764,304		\$ 14,641,448	25.2%

\* Includes DSIC Revenue.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION  
UNDER PRESENT RATES

ITEM (1)	COST OF SERVICE (2)	RESIDENTIAL (3)	COMMERCIAL (4)	INDUSTRIAL (5)	LARGE INDUSTRIAL (6)	PUBLIC (7)	Sales for Resale (8)	FIRE PROTECTION	
								PRIVATE (9)	PUBLIC (10)
1. REVENUES FROM SALES	57,797,649	35,257,068	15,759,765	1,006,656	398,177	1,716,898	721,446	1,852,501	1,085,138
2. OTHER REVENUES AND CONTRIB. TO MAHONING	325,208	174,963	84,468	5,603	4,018	9,880	9,375	12,661	24,240
3. TOTAL OPERATING REVENUES	58,122,857	35,432,031	15,844,233	1,012,258	402,195	1,726,778	730,821	1,865,163	1,109,378
4. LESS: OPERATING EXPENSES (INCLUDES REALLOCATION OF FIRE)	37,557,423	23,809,113	10,318,504	670,495	503,972	1,190,508	1,134,478	1,102,913	(1,172,561)
5. RETURN AND INCOME TAXES	20,565,434	11,622,918	5,525,729	341,763	(101,778)	536,270	(403,657)	762,249	2,281,939
6. LESS: TAXABLE EXCLUSIONS (FACTOR 18)	7,537,520	3,735,784	1,908,330	125,771	79,450	219,210	199,263	432,995	836,717
7. TAXABLE INCOME	13,027,914	7,887,134	3,617,398	215,993	(181,228)	317,061	(602,920)	329,254	1,445,222
8. LESS: INCOME TAXES (TAX. INC.)	3,251,863	1,968,699	902,935	53,914	(45,236)	79,141	(150,494)	82,185	360,740
9. NET RETURN (Line 5 - Line 8)	17,313,551	9,654,219	4,622,794	287,850	(56,541)	457,129	(253,163)	680,065	1,921,199
10. ORIGINAL COSTS MEASURE OF VALUE	349,877,351	173,407,992	88,581,070	5,838,030	3,687,935	10,175,304	9,249,403	20,098,814	38,838,803
11. RATE OF RETURN, PERCENT	4.95	5.57	5.22	4.93	(1.53)	4.49	(2.74)	3.38	4.95
12. RELATIVE RATE OF RETURN	1.00	1.13	1.05	1.00	(0.31)	0.91	(0.55)	0.68	1.00

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION  
UNDER PROPOSED RATES

ITEM (1)	COST OF SERVICE (2)	RESIDENTIAL (3)	COMMERCIAL (4)	INDUSTRIAL (5)	LARGE INDUSTRIAL (6)	PUBLIC (7)	Sales for Resale (8)	FIRE PROTECTION	
								PRIVATE (9)	PUBLIC (10)
1. REVENUES FROM SALES	72,676,097	43,990,956	19,427,277	1,253,921	561,287	2,219,467	1,301,990	2,727,873	1,193,325
2. OTHER REVENUES AND CONTRIB. TO MAHONING	88,208	46,743	22,776	1,508	1,056	2,654	2,498	3,760	7,212
3. TOTAL OPERATING REVENUES	72,764,304	44,037,699	19,450,053	1,255,430	562,343	2,222,121	1,304,488	2,731,633	1,200,538
4. LESS: OPERATING EXPENSES (INCLUDES REALLOCATION OF FIRE)	37,740,700	24,972,691	10,509,211	676,531	505,149	1,201,731	1,137,149	1,110,544	(2,372,307)
5. RETURN AND INCOME TAXES	35,023,604	19,065,008	8,940,842	578,898	57,194	1,020,390	167,339	1,621,089	3,572,844
6. LESS: TAXABLE EXCLUSIONS (FACTOR 18)	7,537,520	3,735,803	1,908,319	125,770	79,450	219,208	199,261	432,995	836,715
7. TAXABLE INCOME	27,486,084	15,329,204	7,032,523	453,129	(22,256)	801,182	(31,922)	1,188,094	2,736,130
8. LESS: INCOME TAXES (TAX. INC.)	7,215,909	4,024,369	1,846,245	118,960	(5,843)	210,334	(8,380)	311,910	718,315
9. NET RETURN (Line 5 - Line 8)	27,807,695	15,040,639	7,094,597	459,939	63,037	810,056	175,720	1,309,179	2,854,529
10. ORIGINAL COSTS MEASURE OF VALUE	349,877,351	173,408,890	88,580,530	5,837,983	3,687,896	10,175,225	9,249,314	20,098,815	38,838,698
11. RATE OF RETURN, PERCENT	7.95	8.67	8.01	7.88	1.71	7.96	1.90	6.51	7.35
12. RELATIVE RATE OF RETURN	1.00	1.09	1.01	0.99	0.22	1.00	0.24	0.82	0.92

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Large Industrial (7)	Public Authorities (8)	Sales for Resale (9)	Fire Protection		
									Private (10)	Public (11)	
<b>OPERATION AND MAINTENANCE EXPENSES</b>											
<b>SOURCE OF SUPPLY EXPENSES</b>											
Employee Salaries	2	162,323	87,003	53,584	3,835	3,424	6,758	6,900	295	524	
Purchased Water	1	1,838,244	981,883	604,754	41,654	37,166	76,295	84,430	4,348	7,714	
Purchased Power	1	1,322,597	706,455	435,114	29,970	26,741	54,894	60,746	3,128	5,550	
Fuel for Power Production	1	243	130	80	6	5	10	11	1	1	
Material and Supplies	2	33,704	18,085	11,126	796	711	1,403	1,433	61	109	
Outside Services	2	114,533	61,388	37,808	2,706	2,416	4,769	4,869	208	370	
Transportation Expense	2	16,719	8,961	5,519	395	353	696	711	30	54	
Miscellaneous Other	2	0	0	0	0	0	0	0	0	0	
Office Expenses and Utilities	2	135,191	72,461	44,628	3,194	2,851	5,629	5,747	246	436	
<b>TOTAL SOURCE OF SUPPLY EXPENSE - OPERATION</b>		<b>3,623,555</b>	<b>1,936,346</b>	<b>1,192,613</b>	<b>82,555</b>	<b>73,666</b>	<b>150,454</b>	<b>164,846</b>	<b>8,318</b>	<b>14,757</b>	
Employee Salaries	2	1,111	596	367	26	23	46	47	2	4	
Fuel for Power Production	1	0	0	0	0	0	0	0	0	0	
Material and Supplies	2	0	0	0	0	0	0	0	0	0	
Outside Services	2	43,235	23,173	14,272	1,021	912	1,800	1,838	79	140	
Uniforms	2	0	0	0	0	0	0	0	0	0	
Transportation Expense	2	91	49	30	2	2	4	4	0	0	
Miscellaneous Other	2	0	0	0	0	0	0	0	0	0	
Office Expenses and Utilities	2	44,437	23,818	14,669	1,050	937	1,850	1,889	81	143	
<b>TOTAL SOURCE OF SUPPLY EXPENSE - MAINTENANCE</b>		<b>44,437</b>	<b>23,818</b>	<b>14,669</b>	<b>1,050</b>	<b>937</b>	<b>1,850</b>	<b>1,889</b>	<b>81</b>	<b>143</b>	
<b>TOTAL SOURCE OF SUPPLY EXPENSE</b>		<b>3,667,992</b>	<b>1,960,164</b>	<b>1,207,282</b>	<b>83,605</b>	<b>74,603</b>	<b>152,304</b>	<b>166,735</b>	<b>8,399</b>	<b>14,901</b>	
<b>POWER AND PUMPING</b>											
Employee Salaries	3	70,447	29,810	18,360	1,314	1,173	2,316	2,364	5,495	9,615	
Outside Services	3	2,342	991	610	44	39	77	79	183	320	
Transportation Expense	3	7,143	3,023	1,862	133	119	235	240	557	975	
Miscellaneous Other	3	(300)	(127)	(78)	(6)	(5)	(10)	(23)	0	(41)	
Office Expenses and Utilities	3	79,633	33,697	20,754	1,485	1,326	2,618	2,672	6,211	10,869	
<b>TOTAL POWER AND PUMPING - OPERATION</b>		<b>157,262</b>	<b>65,203</b>	<b>41,702</b>	<b>2,760</b>	<b>2,526</b>	<b>5,129</b>	<b>5,162</b>	<b>12,446</b>	<b>20,528</b>	
Employee Salaries	3	374,046	158,282	97,484	6,977	6,229	12,295	12,553	29,174	51,053	
Fuel for Power Production	3	6	2	1	0	0	0	0	0	1	
Material and Supplies	3	1,064	450	277	20	18	35	36	83	145	
Outside Services	3	52,167	22,075	13,586	973	869	1,715	1,751	4,069	7,120	
Office Expenses and Utilities	3	1,103	467	287	21	18	36	37	86	151	
Transportation Expense	3	39,052	16,525	10,178	728	650	1,284	1,311	3,046	5,330	
Miscellaneous Other	3	0	0	0	0	0	0	0	0	0	
Office Expenses and Utilities	3	467,437	197,801	121,823	8,719	7,784	15,365	15,687	36,458	63,800	
<b>TOTAL POWER AND PUMPING</b>		<b>1,043,708</b>	<b>435,147</b>	<b>273,724</b>	<b>17,191</b>	<b>15,676</b>	<b>31,772</b>	<b>31,937</b>	<b>75,857</b>	<b>139,117</b>	
<b>TOTAL WATER TREATMENT EXPENSE - OPERATION</b>		<b>4,277,132</b>	<b>2,290,006</b>	<b>1,410,403</b>	<b>99,750</b>	<b>89,038</b>	<b>177,903</b>	<b>186,409</b>	<b>8,515</b>	<b>15,107</b>	
Employee Salaries	2	273,325	146,498	90,227	6,457	5,765	11,380	11,618	497	882	
Fuel for Power Production	1	0	0	0	0	0	0	0	0	0	
Chemicals	1	0	0	0	0	0	0	0	0	0	
Material and Supplies	2	25,955	13,912	8,568	613	547	1,081	1,103	47	84	
Outside Services	2	82,437	44,185	27,213	1,948	1,739	3,432	3,504	150	266	
Outside Services - Mahoning	2	0	0	0	0	0	0	0	0	0	
Rental of Equipment	2	0	0	0	0	0	0	0	0	0	
Transportation Expense	2	27,784	14,892	9,172	656	586	1,157	1,181	51	90	
Office Expenses and Utilities	2	409,502	219,467	135,179	9,674	8,637	17,050	17,407	745	1,322	
<b>TOTAL WATER TREATMENT EXPENSE - MAINTENANCE</b>		<b>409,502</b>	<b>219,467</b>	<b>135,179</b>	<b>9,674</b>	<b>8,637</b>	<b>17,050</b>	<b>17,407</b>	<b>745</b>	<b>1,322</b>	

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Large Industrial (7)	Public Authorities (8)	Sales for Resale (9)	Private (10)	Fire Protection Public (11)
<b>TOTAL WATER TREATMENT EXPENSE</b>		4,686,633	2,509,493	1,545,583	109,424	97,875	194,953	203,816	9,260	16,429
<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>										
Employee Salaries - General	10	154,319	75,284	44,887	3,015	2,043	5,375	5,434	5,399	12,882
Employee Salaries - Mains	6	661,480	227,096	186,605	12,699	2,625	20,999	17,105	70,680	123,671
Employee Salaries - Meters	8	108,721	93,298	14,295	385	10	717	16	0	0
Employee Salaries - Services	9	64,414	55,323	6,457	79	2	325	3	2,225	0
Employee Salaries - Hydrants	7	54,541	0	0	0	0	0	0	0	54,541
Employee Salaries - Storage	5	167	58	52	4	2	6	4	15	27
Purchased Power	1	1,484,940	793,169	488,522	33,648	30,023	61,632	68,203	3,512	6,231
Material and Supplies	10	4,697	2,291	1,366	92	62	164	165	164	392
Outside Services - General	10	116,876	57,018	33,996	2,284	1,547	4,071	4,115	4,089	9,756
Outside Services - Mains	6	33,187	11,394	9,362	637	132	1,054	858	3,546	6,205
Rentals of Building/Real Property	10	0	0	0	0	0	0	0	0	0
Transportation Expense - General	10	16,069	7,839	4,674	314	213	560	566	562	1,341
Transportation Expense - Mains	6	67,112	23,041	18,932	1,288	266	2,130	1,735	7,171	12,547
Transportation Expense - Meters	8	11,223	9,631	1,476	40	1	74	2	0	0
Transportation Expense - Services	9	6,006	5,159	602	7	0	30	0	207	0
Transportation Expense - Hydrants	7	5,214	0	0	0	0	0	0	0	5,214
Transportation Expense - Storage	5	51	18	16	1	1	2	1	5	8
Miscellaneous Other	10	0	0	0	0	0	0	0	0	0
Office Expense, Utilities and Other	10	3,136	1,530	912	61	42	109	110	110	262
<b>TOTAL T &amp; D EXPENSE OPERATION</b>		2,792,151	1,362,146	812,154	54,555	36,969	97,245	98,319	97,685	233,077
Employee Salaries - General	11	135,441	63,248	34,262	2,128	1,030	3,572	2,629	11,067	17,505
Employee Salaries - Mains	11	580,560	271,108	146,862	9,120	4,416	15,312	11,270	47,438	75,033
Employee Salaries - Meters	5	95,421	32,659	29,839	1,997	1,296	3,238	2,418	8,646	15,128
Employee Salaries - Services	6	56,534	15,948	15,948	1,085	224	1,795	1,462	6,041	10,570
Employee Salaries - Hydrants	9	47,869	41,114	4,798	59	1	242	2	1,653	0
Employee Salaries - Storage	7	147	0	0	0	0	0	0	0	147
Fuel for Power Production	1	0	0	0	0	0	0	0	0	0
Material and Supplies	11	11,705	5,466	2,961	184	89	309	227	956	1,513
Outside Services - General	11	77,387	36,138	19,576	1,216	589	2,041	1,502	6,323	10,002
Outside Services - Mains	6	21,974	7,544	6,199	422	87	688	568	2,348	4,108
Transportation Expense - General	11	14,513	6,777	3,671	228	110	363	282	1,186	1,876
Transportation Expense - Mains	6	60,615	20,810	17,100	1,164	241	1,924	1,567	6,477	11,333
Transportation Expense - Meters	8	10,136	8,698	1,333	36	1	67	1	0	0
Transportation Expense - Services	9	5,425	4,659	544	7	0	27	0	187	0
Transportation Expense - Hydrants	7	4,709	0	0	0	0	0	0	0	4,709
Transportation Expense - Storage	5	46	16	14	1	1	2	1	4	7
Office Expense and Utilities	11	193	90	49	3	1	5	4	16	25
<b>TOTAL T &amp; D EXPENSE - MAINTENANCE</b>		1,122,676	517,937	283,157	17,649	8,087	29,613	21,934	92,343	151,956
<b>TOTAL T &amp; D EXPENSE</b>		3,914,828	1,880,083	1,095,312	72,204	45,056	126,859	120,253	190,028	385,033
<b>CUSTOMER ACCOUNTS</b>										
Employee Salaries - Supervision	12	1,015,050	914,810	72,675	710	15	3,714	15	22,565	547
Employee Salaries - Meter Reading	12	0	0	0	0	0	0	0	0	0
Employee Salaries - Billing	12	0	0	0	0	0	0	0	0	0
Outside Services	12	543,814	490,110	38,935	380	8	1,990	8	12,089	293
Transportation Expense	12	101,328	91,321	7,255	71	1	371	1	2,253	55
Bad Debt Expense	12	394,349	355,406	28,234	276	6	1,443	6	8,767	213
Office Expense, Utilities and Other	12	7,217	6,504	517	5	0	26	0	160	4
Customer Assistance Program	DA	1,000,000	1,000,000							
<b>TOTAL CUSTOMER ACCOUNTING EXPENSE</b>		3,061,758	2,858,151	147,616	1,443	30	7,543	30	45,834	1,112
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>										
Employee Salaries	14	1,326,561	656,285	393,116	27,177	20,451	47,359	45,492	45,217	89,464
Employee Pension & Benefits	16	1,803,177	1,045,240	484,021	32,767	27,388	58,315	57,120	38,825	59,501
Purchased Power	14	81,664	40,525	24,201	1,673	1,259	2,915	2,801	2,784	5,508
Management Fees-Engineering	18	399,322	197,915	101,099	6,663	4,209	11,613	10,556	22,939	44,327

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account	Factor Ref.	Cost of Service	Residential (4)	Commercial (5)	Industrial (6)	Large Industrial (7)	Public Authorities (8)	Sales for Resale (9)	Private (10)	Fire Protection Public (11)
Management Fees- Customer Related	12	310,782	280,091	22,251	217	5	1,137	5	6,909	168
Management Fees- Employee related	16	276,030	160,005	74,094	5,016	4,193	8,927	8,744	5,943	9,108
Management Fees- Other	14	3,625,202	1,798,950	1,074,300	74,268	55,887	129,423	124,321	123,567	244,487
Outside Services	14	294,821	146,300	87,368	6,040	4,545	10,525	10,049	386	19,883
Outside Services - Testing	2	212,334	113,808	70,093	8,841	4,478	5,016	9,026	386	685
Rental of Equipment	14	124,900	61,979	37,013	2,559	1,925	4,459	4,283	4,257	8,423
Transportation Expense	14	129,409	64,217	38,349	2,651	1,995	4,620	4,438	4,411	8,727
Insurance - General Liability	14	0	0	0	0	0	0	0	0	0
Insurance - Workman's Compensation	14	48,098	23,868	14,254	985	741	1,717	1,649	1,639	3,244
Advertising	14	0	0	0	0	0	0	0	0	0
Rate Case Expense - Amort	18	685,203	339,605	173,477	11,433	7,222	19,927	18,114	39,362	76,062
Amortization of Regulatory Liability	18	(705,529)	(349,680)	(178,623)	(11,772)	(7,437)	(20,518)	(18,651)	(40,529)	(78,318)
Fringe Benefits	16	(1,039,548)	(602,590)	(279,042)	(18,891)	(15,789)	(33,619)	(32,930)	(22,383)	(34,303)
Miscellaneous Other	16	0	0	0	0	0	0	0	0	0
Office Expenses and Utilities	14	685,002	339,921	202,985	14,033	10,560	24,455	23,491	23,349	46,197
Uniforms, Materials and Supplies and Other	14	306,060	151,878	90,699	6,270	4,718	10,927	10,496	10,432	20,641
Postage	14	383,875	190,492	113,758	7,864	5,918	13,705	13,164	13,085	25,889
Travel	14	164,161	81,462	48,648	3,363	2,531	5,861	5,630	5,596	11,071
<b>TOTAL A &amp; G EXPENSE</b>		<b>9,111,523</b>	<b>4,742,271</b>	<b>2,592,069</b>	<b>177,334</b>	<b>134,799</b>	<b>310,588</b>	<b>297,859</b>	<b>295,838</b>	<b>560,765</b>
<b>Total Operation &amp; Maintenance Expenses</b>		<b>24,989,803</b>	<b>14,181,661</b>	<b>6,730,438</b>	<b>454,213</b>	<b>361,273</b>	<b>810,230</b>	<b>807,053</b>	<b>592,027</b>	<b>1,052,909</b>

DEPRECIATION EXPENSE	Factor Ref.	Cost of Service	Residential (4)	Commercial (5)	Industrial (6)	Large Industrial (7)	Public Authorities (8)	Sales for Resale (9)	Private (10)	Fire Protection Public (11)
Water Source Structures	2	208,978	112,009	68,985	4,937	4,408	8,701	8,883	380	675
Collection and Impounding Reservoirs	1	20,589	10,997	6,773	467	416	855	946	49	86
Lakes, River and Other Intakes	2	91,532	49,060	30,215	2,162	1,931	3,811	3,891	167	295
Wells & Springs	2	53,774	28,822	17,751	1,270	1,134	2,239	2,286	98	174
Infiltration Galleries and Tunnels	2	116,792	62,599	38,554	2,759	2,463	4,863	4,965	212	377
Purification Buildings	2	0	0	0	0	0	0	0	0	0
Power Generation Equipment	3	5,354	2,265	1,395	100	89	176	180	418	731
Electric Pumping Equipment	3	476,088	201,462	124,078	8,880	7,928	15,649	15,977	37,133	64,981
Oil Engine Pumping Equipment	2	10,652	5,709	3,516	252	225	444	453	19	34
Purification System - Treatment Structures	2	473,738	253,917	156,384	11,192	9,992	19,724	20,137	862	1,529
Purification System - Painting	2	1,528,785	819,408	504,663	36,117	32,245	63,651	64,985	2,781	4,935
Purification Equipment	2	3,895	2,088	1,286	92	82	162	166	7	13
Laboratory Equipment	6	45,095	15,482	12,721	866	179	1,432	1,166	4,818	8,431
T&D Structures and Improvements	5	442,276	152,303	136,305	23,718	6,005	15,007	11,207	40,073	70,119
Distribution Reservoirs and Standpipes	4	1,224,538	389,811	353,676	3,257	0	38,441	28,715	141,899	248,277
Distribution Mains	3	1,411,236	597,180	367,796	26,322	23,500	46,389	47,361	110,070	192,619
Transmission Mains	9	1,080,433	927,961	108,299	1,330	29	5,452	44	37,318	0
Services	8	1,606,360	1,378,486	211,207	5,695	147	10,591	235	0	0
Meters	7	178,660	0	0	0	0	0	0	0	178,660
Hydrants	14	0	0	0	0	0	0	0	0	0
General Land and Land Rights	14	398,941	197,968	118,223	8,173	6,150	14,243	13,681	13,598	26,905
Office Buildings	14	0	0	0	0	0	0	0	0	0
Stores, Shop and Garage Buildings	14	0	0	0	0	0	0	0	0	0
Miscellaneous Structures and Improvements	14	0	0	0	0	0	0	0	0	0
Other Plant and Miscellaneous Equipment	14	0	0	0	0	0	0	0	0	0
Office Furniture and Equipment	14	160,801	79,795	47,652	3,294	2,479	5,741	5,514	5,481	10,845
Computer Software	14	0	0	0	0	0	0	0	0	0
Computer Software-CIS Implementation	12	0	0	0	0	0	0	0	0	0
Transportation Equipment	14	0	0	0	0	0	0	0	0	0
Stores Equipment	14	0	0	0	0	0	0	0	0	0
Tools and work Equipment	14	218,757	108,555	64,827	4,482	3,372	7,810	7,502	7,456	14,753
Shop Equipment	14	33,254	16,502	9,855	681	513	1,187	1,140	1,133	2,243
Power Operated Equipment	14	0	0	0	0	0	0	0	0	0



VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account	Factor Ref.	Cost of Service	Residential (4)	Commercial (5)	Industrial (6)	Large Industrial (7)	Public Authorities (8)	Sales for Resale (9)	Private (10)	Fire Protection Public (11)
Communication Equipment	14	863,381	428,439	255,856	17,688	13,310	30,823	29,608	29,429	58,227
Miscellaneous Equipment	14	106,507	52,852	31,562	2,182	1,642	3,802	3,652	3,630	7,183
Amortization of Net Salvage	17	612,742	303,583	154,982	10,211	6,439	17,796	16,167	35,317	66,247
Bethel Adjustment	17	0	0	0	0	0	0	0	0	0
<b>Total Depreciation Expense</b>		<b>11,373,158</b>	<b>6,197,255</b>	<b>2,828,564</b>	<b>182,127</b>	<b>124,677</b>	<b>318,988</b>	<b>288,862</b>	<b>472,349</b>	<b>960,338</b>
Amortizations	18	116,498	57,740	29,495	1,944	1,228	3,388	3,080	6,692	12,932
<b>Taxes Other Than Income</b>										
Real Estate	18	343,022	170,011	86,845	5,724	3,616	9,976	9,068	19,705	38,078
Payroll Taxes	16	918,219	532,260	246,474	16,686	13,946	29,695	29,087	19,771	30,299
<b>Total Taxes, Other Than Income</b>		<b>1,261,241</b>	<b>702,271</b>	<b>333,319</b>	<b>22,410</b>	<b>17,562</b>	<b>39,671</b>	<b>38,155</b>	<b>39,476</b>	<b>68,377</b>
<b>Income Taxes</b>	18	<b>7,215,909</b>	<b>3,576,404</b>	<b>1,826,895</b>	<b>120,403</b>	<b>76,060</b>	<b>209,855</b>	<b>190,759</b>	<b>414,520</b>	<b>801,014</b>
<b>Utility Income Available for Return</b>	18	<b>27,807,696</b>	<b>13,782,263</b>	<b>7,040,240</b>	<b>463,994</b>	<b>293,108</b>	<b>808,711</b>	<b>735,121</b>	<b>1,597,422</b>	<b>3,086,838</b>
<b>Total Cost of Service</b>		<b>72,764,305</b>	<b>38,497,593</b>	<b>18,788,950</b>	<b>1,245,090</b>	<b>873,908</b>	<b>2,190,842</b>	<b>2,063,029</b>	<b>3,122,486</b>	<b>5,982,408</b>
<b>Less: Other Water Revenues</b>	19	<b>325,208</b>	<b>172,334</b>	<b>83,970</b>	<b>5,561</b>	<b>3,895</b>	<b>9,785</b>	<b>9,208</b>	<b>13,863</b>	<b>26,591</b>
<b>Total Cost of Service Related to Sales of Water</b>		<b>72,439,098</b>	<b>38,325,259</b>	<b>18,704,979</b>	<b>1,239,529</b>	<b>870,013</b>	<b>2,181,057</b>	<b>2,053,820</b>	<b>3,108,623</b>	<b>5,955,817</b>
Reallocation of Public Fire	20	0	3,833,765	587,396	15,838	409	29,455	0	0	(4,466,862)
<b>Total</b>		<b>\$ 72,439,098</b>	<b>\$ 42,159,024</b>	<b>\$ 19,292,375</b>	<b>\$ 1,255,367</b>	<b>\$ 870,422</b>	<b>\$ 2,210,512</b>	<b>\$ 2,053,820</b>	<b>\$ 3,108,623</b>	<b>\$ 1,488,954</b>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification <u>(1)</u>	Average Daily Consumption, Thousand Gallons <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	7,001	0.5341
Commercial	4,312	0.3290
Industrial	297	0.0227
Large Industrial	265	0.0202
Public Authority	544	0.0415
Sales for Resale	602	0.0459
Private Fire Protection	31	0.0024
Public Fire Protection	55	0.0042
Total	<u>13,107</u>	<u>1.0000</u>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification <u>(1)</u>	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor <u>(6)=(3)+(5)</u>
	Allocation Factor 1 <u>(2)</u>	Weighted Factor <u>(3)=(2)x 0.7692</u>	Allocation Factor <u>(4)</u>	Weighted Factor <u>(5)=(4)x 0.2308</u>	
Residential	0.5341	0.4109	0.5421	0.1251	0.5360
Commercial	0.3290	0.2531	0.3338	0.0770	0.3301
Industrial	0.0227	0.0174	0.0268	0.0062	0.0236
Large Industrial	0.0202	0.0156	0.0240	0.0055	0.0211
Public Authority	0.0415	0.0319	0.0421	0.0097	0.0416
Sales for Resale	0.0459	0.0353	0.0311	0.0072	0.0425
Private Fire Protection	0.0024	0.0018			0.0018
Public Fire Protection	0.0042	0.0032			0.0032
Total	<u>1.0000</u>	<u>0.7692</u>	<u>1.0000</u>	<u>0.2308</u>	<u>1.0000</u>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	7,001	0.6	4,201	0.5421
Commercial	4,312	0.6	2,587	0.3338
Industrial	297	0.7	208	0.0268
Large Industrial	265	0.7	186	0.0240
Public Authority	544	0.6	326	0.0421
Sales for Resale	602	0.4	241	0.0311
Total	12,419		7,749	1.0000

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of maximum day ratios experienced during the period 2000 through 2017 (see Schedule F).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	0.30	0.2308
Total	1.30	1.0000

\* Ratio of maximum day to average day minus 1.0.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.6073	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.1822	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.2105	
Residential	0.5341	0.3244	0.5421	0.0988			0.4232
Commercial	0.3290	0.1998	0.3338	0.0608			0.2606
Industrial	0.0227	0.0138	0.0268	0.0049			0.0187
Large Industrial	0.0202	0.0123	0.0240	0.0044			0.0167
Public Authority	0.0415	0.0252	0.0421	0.0077			0.0329
Sales for Resale	0.0459	0.0279	0.0311	0.0057			0.0336
Private Fire Protection	0.0024	0.0014			0.3637	0.0766	0.0780
Public Fire Protection	0.0042	0.0025			0.6363	0.1339	0.1365
Total	<u>1.0000</u>	<u>0.6073</u>	<u>1.0000</u>	<u>0.1822</u>	<u>1.0000</u>	<u>0.2105</u>	<u>1.0000</u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.30 and the average daily system sendout for 2022 of 17.3 MGD. The system demand for fire protection is 10,000 Gallons per minute for 10 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	17,309,827	0.6073
Maximum Day Extra Capacity	<u>0.30</u>	<u>5,192,948</u>	<u>0.1822</u>
Subtotal	<u><u>1.30</u></u>	22,502,775	0.7895
Fire Protection		<u>6,000,000</u>	<u>0.2105</u>
Total		<u><u>28,502,775</u></u>	<u><u>1.0000</u></u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule G).

VEOLIA WATER PENNSYLVANIA INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.3040	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3161	
Residential	291.7	0.5450	0.3660	0.1112			0.3183
Commercial	179.7	0.3358	0.5305	0.1612			0.2888
Industrial	12.4	0.0232	0.0348	0.0106			0.0194
Public Authority	22.7	0.0424	0.0503	0.0153			0.0314
Sales for Resale	25.1	0.0469	0.0185	0.0056			0.0234
Private Fire Protection	1.3	0.0024			0.3637	0.1150	0.1159
Public Fire Protection	2.3	0.0043			0.6363	0.2011	0.2028
<b>Total</b>	<b>535.2</b>	<b>1.0000</b>	<b>1.0000</b>	<b>0.3040</b>	<b>1.0000</b>	<b>0.3161</b>	<b>1.0000</b>

The maximum hour extra capacity factors in column 5 are determined on the following page.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.80 and the average daily system sendout for 2022 of 17.3 MGD. The system demand for fire protection is 10,000 gallons per minute

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	12,021	0.3800
Maximum Hour Extra Capacity	<u>0.80</u>	<u>9,617</u>	<u>0.3040</u>
Subtotal	<u><u>1.80</u></u>	21,638	0.6839
Fire Protection		<u>10,000</u>	<u>0.3161</u>
Total		<u><u>31,638</u></u>	<u><u>1.0000</u></u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	291.7	1.7	495.9	0.3660
Commercial	179.7	4.0	718.8	0.5305
Industrial	12.4	3.8	47.1	0.0348
Public Authority	22.7	3.0	68.1	0.0503
Sales for Resale	<u>25.1</u>	1.0	<u>25.1</u>	<u>0.0185</u>
Total	<u><u>531.6</u></u>		<u><u>1,355.0</u></u>	<u><u>1.0000</u></u>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule G).

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons	Allocation Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(5)	(6)=(5) X 0.3349	(7)	(8)=(7) X 0.2464	
Residential	291.7	0.5341	0.3605	0.1207			0.3444
Commercial	179.7	0.3290	0.5224	0.1750			0.3127
Industrial	12.4	0.0227	0.0342	0.0114			0.0209
Large Industrial	11.0	0.0202	0.0153	0.0051			0.0136
Public Authority	22.7	0.0415	0.0494	0.0166			0.0339
Sales for Resale	25.1	0.0459	0.0182	0.0061			0.0253
Private Fire Protection	1.3	0.0024			0.3637	0.0896	0.0906
Public Fire Protection	2.3	0.0042			0.6363	0.1568	0.1585
<b>Total</b>	<b>546.1</b>	<b>1.0000</b>	<b>1.0000</b>	<b>0.3349</b>	<b>1.0000</b>	<b>0.2464</b>	<b>1.0000</b>

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.



VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire not updated.

$$\text{Fire Protection Weight} = \frac{10,000 \text{ GPM} \times 60 \text{ Min.} \times 10 \text{ Hrs.}}{24,354,500 \text{ Gallons}} = 0.2464$$

$$\text{General Service Weight} = 1.0000 - 0.2464 = 0.7536$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	55.56	0.4187
Extra Capacity Maximum Hour	<u>0.80</u>	<u>44.44</u>	<u>0.3349</u>
Total	<u><u>1.80</u></u>	<u><u>100.00</u></u>	<u><u>0.7536</u></u>

Customer Classification (1)	Average Hourly Consumption Thousand Gal. (2)	Factor* (3)	Maximum Hour Extra Capacity	
			1,000 Gallons Per Hour (4)=(2)x(3)	Allocation Factor (5)
Residential	291.7	1.7	495.9	0.3605
Commercial	179.7	4.0	718.7	0.5224
Industrial	12.4	3.8	47.0	0.0342
Large Industrial	11.0	1.9	21.0	0.0153
Public Authority	22.7	3.0	68.0	0.0494
Sales for Resale	<u>25.1</u>	1.0	<u>25.1</u>	<u>0.0182</u>
Total	<u><u>542.5</u></u>		<u><u>1375.7</u></u>	<u><u>1.0000</u></u>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
	(1)	(2)	(3)=(2)X	(4)	
		0.2383		0.7617	
Residential	0.4232	0.1008	0.3183	0.2425	0.3433
Commercial	0.2606	0.0621	0.2888	0.2200	0.2821
Industrial	0.0187	0.0044	0.0194	0.0148	0.0192
Large Industrial	0.0167	0.0040	0.0000	0.0000	0.0040
Public Authority	0.0329	0.0078	0.0314	0.0239	0.0317
Sales for Resale	0.0336	0.0080	0.0234	0.0179	0.0259
Private Fire Protection	0.0780	0.0186	0.1159	0.0883	0.1069
Public Fire Protection	0.1365	0.0325	0.2028	0.1544	0.1870
Total	1.0000	0.2383	1.0000	0.7617	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	1,216,345	0.2383
Distribution Mains	3,887,709	0.7617
Total	5,104,054	1.0000

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	65,600	0.8581
Commercial	10,051	0.1315
Industrial	271	0.0035
Large Industrial	7	0.0001
Public Authority	504	0.0066
Sales for Resale	11	0.0001
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>76,444</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Large Industrial		Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Meters (15)	Weighting (16)
5/8 and 3/4	1.0	58,633	58,633	2,581	2,581	11	11	0	0	100	100	0	0	61,325	61,325
1	1.2	1,751	2,117	39	47	1	1	0	0	41	50	0	0	1,832	2,215
1-1/2	1.9	715	1,348	1,123	2,117	10	19	0	0	30	57	0	0	1,878	3,541
2	2.1	255	526	546	1,127	4	8	0	0	58	120	0	0	863	1,781
3	5.2	243	1,258	537	2,781	8	41	0	0	12	62	0	0	800	4,142
4	7.3	234	1,718	27	198	8	59	1	7	5	37	0	0	275	2,019
6	11.2	0	0	34	380	3	34	0	0	4	45	1	11	42	470
8	32.8	0	0	25	820	3	98	0	0	1	33	0	0	29	951
<b>Total</b>		<b>61,831</b>	<b>65,600</b>	<b>4,912</b>	<b>10,051</b>	<b>48</b>	<b>271</b>	<b>1</b>	<b>7</b>	<b>251</b>	<b>504</b>	<b>1</b>	<b>11</b>	<b>67,044</b>	<b>76,444</b>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	63,484	0.8589
Commercial	7,409	0.1002
Industrial	91	0.0012
Large Industrial	2	0.0000
Public Authority	373	0.0050
Sales for Resale	3	0.0000
Private Fire Protection	<u>2,553</u>	<u>0.0345</u>
 Total	 <u><u>73,915</u></u>	 <u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Large Industrial		Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)=(2)X(15)	Number of Services (15)	Weighting (16)
3/4	1.00	58,633	58,633	2,581	2,581	11	11	0	0	100	100	0	0	0	0	61,325	61,325
1	1.05	1,751	1,843	39	41	1	1	0	0	41	43	0	0	0	0	1,832	1,928
1-1/2	2.03	715	1,449	1,123	2,276	10	20	0	0	30	61	0	0	0	0	1,878	3,806
2	2.03	255	517	546	1,106	4	8	0	0	58	118	0	0	72	146	935	1,895
3	2.18	243	531	537	1,173	8	17	0	0	12	26	0	0	5	11	805	1,758
4	2.18	234	511	27	59	8	17	1	2	5	11	0	0	205	448	480	1,048
6	2.79	0	0	34	95	3	8	0	0	4	11	1	3	358	1,000	400	1,117
8	3.11	0	0	25	78	3	9	0	0	1	3	0	0	239	743	268	833
10	4.12	0	0	0	0	0	0	0	0	0	0	0	0	39	159	39	159
12	4.65	0	0	0	0	0	0	0	0	0	0	0	0	10	46	10	46
Total		61,831	63,484	4,912	7,409	48	91	1	2	251	373	1	3	928	2,553	67,972	73,915

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission &amp; Distribution Operating Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 1,218,184	0.4878
Commercial	726,320	0.2909
Industrial	48,790	0.0195
Large Industrial	33,062	0.0132
Public Authority	86,968	0.0348
Sales for Resale	87,928	0.0352
Private Fire Protection	87,361	0.0350
Public Fire Protection	<u>208,444</u>	<u>0.0835</u>
Total	<u><u>2,497,056</u></u>	<u><u>1.0000</u></u>

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission &amp; Distribution Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 93,382	0.4670
Commercial	50,586	0.2530
Industrial	3,141	0.0157
Large Industrial	1,521	0.0076
Public Authority	5,274	0.0264
Sales for Resale	3,882	0.0194
Private Fire Protection	16,340	0.0817
Public Fire Protection	<u>25,845</u>	<u>0.1292</u>
Total	<u><u>\$199,970</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	61,831	0.9012
Commercial	4,912	0.0716
Industrial	48	0.0007
Large Industrial	1	0.0000
Sales for Resale	1	0.0000
Public Authority	251	0.0037
Private Fire Protection	1,525	0.0222
Public Fire Protection	<u>37</u>	<u>0.0005</u>
Total	<u><u>68,606</u></u>	<u><u>1.0000</u></u>

FACTOR 13. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	61,831	0.9222
Commercial	4,912	0.0733
Industrial	48	0.0007
Large Industrial	1	0.0000
Sales for Resale	1	0.0000
Public Authority	<u>251</u>	<u>0.0037</u>
Total	<u><u>67,044</u></u>	<u><u>1.0000</u></u>



VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$3,348,120	0.4962
Commercial	1,999,437	0.2963
Industrial	138,224	0.0205
Large Industrial	104,014	0.0154
Public Authority	240,875	0.0357
Sales for Resale	231,380	0.0343
Private Fire Protection	229,977	0.0341
Public Fire Protection	455,027	0.0674
	<u>                    </u>	<u>                    </u>
Total	<u><u>\$6,747,055</u></u>	<u><u>1.0000</u></u>

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$13,762,322	0.5719
Commercial	6,491,908	0.2698
Industrial	437,686	0.0182
Large Industrial	348,168	0.0145
Public Authority	781,225	0.0325
Sales for Resale	778,674	0.0324
Private Fire Protection	527,587	0.0219
Public Fire Protection	936,169	0.0389
	<u>                    </u>	<u>                    </u>
Total	<u><u>\$24,063,739</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	\$3,332,310	0.5797
Commercial	1,543,098	0.2684
Industrial	104,465	0.0182
Large Industrial	87,314	0.0152
Public Authority	185,913	0.0323
Sales for Resale	182,102	0.0317
Private Fire Protection	123,779	0.0215
Public Fire Protection	189,695	0.0330
Total	<u>\$5,748,676</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,  
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	\$183,790,284	0.4955
Commercial	93,826,748	0.2529
Industrial	6,181,702	0.0167
Large Industrial	3,898,122	0.0105
Public Authority	10,773,670	0.0290
Sales for Resale	9,787,628	0.0264
Private Fire Protection	21,381,151	0.0576
Public Fire Protection	41,316,825	0.1114
Total	<u>\$370,956,131</u>	<u>1.0000</u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$173,408,890	0.4956
Commercial	88,580,530	0.2532
Industrial	5,837,983	0.0167
Large Industrial	3,687,896	0.0105
Public Authority	10,175,225	0.0291
Sales for Resale	9,249,314	0.0264
Private Fire Protection	20,098,815	0.0574
Public Fire Protection	<u>38,838,698</u>	<u>0.1110</u>
Total	<u>\$349,877,351</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS A  
OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$38,218,430	0.5299
Commercial	18,622,024	0.2582
Industrial	1,233,282	0.0171
Large Industrial	863,784	0.0120
Public Authority	2,170,063	0.0301
Sales for Resale	2,042,127	
Private Fire Protection	3,074,293	0.0426
Public Fire Protection	<u>5,897,063</u>	<u>0.0818</u>
Total	<u>\$72,121,065</u>	<u>0.9717</u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account	Factor Ref.	Cost of Service	Residential				Commercial		Industrial		Large Industrial		Public Authorities		Sales for Resale		Fire Protection	
			(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)								
<b>RATE BASE</b>																		
Organization	17	\$ (60,373)	\$ (29,912)	\$ (15,270)	\$ (1,006)	\$ (634)	\$ (1,753)	\$ (1,593)	\$ (3,480)	\$ (6,724)								
Franchises and Consents	17	65,436	32,420	16,551	1,090	688	1,900	3,772	7,288									
Source of Supply - Land and Land Rights	2	3,684,842	1,975,025	1,216,393	87,054	77,719	153,418	156,634	6,704	11,894								
Water Source Structures	3																	
Power and Pumping Structures	2	8,747,943	3,701,792	2,279,886	163,165	145,670	287,552	293,578	682,298	1,194,003								
Collection and Impounding Reservoirs	1	2,326,836	1,242,861	765,493	52,725	47,044	96,574	106,871	5,503	8,764								
Lakes, River and Other Intakes	2	2,899,984	1,522,193	937,489	67,094	59,900	118,243	120,721	5,167	9,167								
Wells & Springs	2	1,169,827	619,827	389,984	51,563	46,034	90,871	92,776	3,971	7,045								
Infiltration Galleries and Tunnels	2	2,587,465	1,386,846	854,141	61,128	54,574	107,729	109,987	4,707	8,352								
Water Treatment - Land and Land Rights	2	1,231,239	659,927	406,441	29,088	25,969	51,263	52,337	2,240	3,974								
Power Generation Equip	3	71,590	30,294	18,658	1,335	1,192	2,353	2,403	5,584	9,771								
Electric Pumping Equipment	3	9,241,372	3,910,592	2,408,483	172,369	153,886	303,772	310,137	720,783	1,261,350								
Oil Engine Pumping Equipment	2	29,349	15,731	9,688	693	619	1,222	1,248	53	95								
Purification System - Treatment Structures	2	12,978,456	6,956,277	4,284,282	306,614	273,737	540,358	551,683	23,612	41,893								
Purification System - Equipment	2	46,384,925	24,861,692	15,311,988	1,095,837	978,334	1,971,237	1,971,712	84,390	149,725								
Laboratory Equipment	2	22,298	11,952	7,361	527	470	928	948	41	72								
T&D - Land and Land Rights	6	900,720	309,230	254,096	17,292	3,574	28,593	23,292	96,243	168,399								
T&D Structures and Improvements	6	1,572,451	539,845	443,593	30,188	6,240	49,917	40,662	168,019	293,987								
Distribution Reservoirs and Standpipes	5	12,487,377	4,303,612	3,908,085	261,566	169,682	424,062	316,686	1,132,336	1,981,348								
Distribution Mains	4	78,582,089	25,015,257	22,696,415	1,522,070	1,466,882	2,466,882	1,842,748	9,106,062	15,932,656								
Transmission Mains	3	90,973,751	38,496,578	33,709,550	1,696,829	1,514,884	2,990,385	3,053,047	7,095,516	12,416,964								
Services	9	46,948,773	40,323,289	4,705,983	57,801	1,270	236,919	1,906	1,621,595	-								
Meters	8	19,963,388	17,131,435	2,624,818	70,772	1,828	131,620	2,916	-	-								
Hydrants	7	6,587,212	-	-	-	-	-	-	-	-								
Other Plant and Miscellaneous Equipment	14	990,587	491,563	283,553	20,294	15,271	35,365	33,971	33,765	66,806								
General Land and Land Rights	14	12,495,499	6,200,694	3,702,943	255,990	192,633	446,100	428,515	425,917	842,708								
Office Buildings	14	(641,362)	(318,266)	(190,062)	(13,139)	(9,887)	(22,897)	(21,995)	(21,861)	(43,254)								
Stores, Shop and Garage Buildings	14	(199,195)	(98,847)	(59,030)	(4,081)	(3,071)	(6,831)	(6,790)	(48,498)	(95,956)								
Miscellaneous Structures and Improvements	14	1,422,818	705,051	421,641	29,149	21,934	50,796	48,793	48,498	95,956								
Office Furniture and Equipment	14																	
Computer Software	14																	
Computer Software-CIS Implementation	12	(145,358)	(72,131)	(43,076)	(2,978)	(2,241)	(5,189)	(4,985)	(4,955)	(9,803)								
Transportation Equipment	14	(56,602)	(28,088)	(16,774)	(1,160)	(873)	(2,021)	(1,941)	(1,929)	(3,817)								
Stores Equipment	14	3,848,462	1,909,739	1,140,462	78,842	59,329	137,393	131,977	131,177	259,544								
Tools and Work Equipment	14	347,545	172,464	102,992	7,120	5,358	12,408	11,919	11,846	23,439								
Shop Equipment	14																	
Power Operated Equipment	14	4,917,391	2,440,178	1,457,230	100,740	75,807	175,555	168,635	167,612	331,633								
Communication Equipment	14	1,268,397	629,422	375,879	25,985	19,554	45,283	43,498	43,234	85,542								
Miscellaneous Equipment	17	(3,646,681)	(1,806,749)	(922,363)	(60,769)	(38,320)	(105,910)	(96,217)	(210,187)	(406,165)								
Adv/CIAC Reconciling Items	17																	
Kensington and Overbrook	17	532,144	263,651	134,596	8,868	5,592	15,455	14,041	30,672	59,270								
<b>Total Utility Plant in Service</b>		<b>371,493,338</b>	<b>184,056,444</b>	<b>93,962,625</b>	<b>6,190,655</b>	<b>3,903,767</b>	<b>10,789,272</b>	<b>9,801,803</b>	<b>21,412,114</b>	<b>41,376,659</b>								
<b>Other Rate Base Items</b>																		
Add:																		
Cash Working Capital	15	795,082	454,716	214,497	14,461	11,504	25,812	25,728	17,432	30,932								
Materials and Supplies	14	1,656,030	821,779	490,752	33,926	25,530	59,122	56,791	56,442	111,684								
Less:																		
Deferred Income Taxes/Regulatory Liability	17	(24,067,099)	(11,924,049)	(6,087,344)	(401,060)	(252,905)	(698,980)	(635,007)	(1,387,178)	(2,680,576)								
<b>Total Other Rate Base Elements</b>		<b>(21,615,987)</b>	<b>(10,647,554)</b>	<b>(5,382,096)</b>	<b>(352,672)</b>	<b>(215,871)</b>	<b>(614,046)</b>	<b>(552,488)</b>	<b>(1,313,300)</b>	<b>(2,537,960)</b>								
<b>Total Original Cost Measure of Value</b>		<b>\$ 349,877,351</b>	<b>\$ 173,408,890</b>	<b>\$ 88,580,530</b>	<b>\$ 5,837,983</b>	<b>\$ 3,687,896</b>	<b>\$ 10,175,225</b>	<b>\$ 9,249,314</b>	<b>\$ 20,098,815</b>	<b>\$ 38,838,698</b>								

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification <u>                    </u> (1)	5/8" Dollar Equivalents <u>                    </u> (2)	Allocation Factor <u>                    </u> (3)
Residential	65,600	0.8583
Commercial	10,051	0.1315
Industrial	271	0.0035
Large Industrial	7	0.0001
Public Authority	504	0.0066
Sales for Resale	0	0.0000
Private Fire	<u>0</u>	<u>0.0000</u>
 Total	 <u><u>76,433</u></u>	 <u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE  
FOR THE YEARS 2000-2022

Year	Average Daily Send out (MGD)	Maximum Daily Use	
		MGD	Ratio to Average
(1)	(2)	(3)	(4)
2000	16.010	20.137	1.26
2001	17.281	21.573	1.25
2002	17.247	22.597	1.31
2003	17.570	21.991	1.25
2004	18.112	22.207	1.23
2005	18.592	23.222	1.25
2006	18.188	22.856	1.26
2007	19.895	24.576	1.24
2008	19.265	23.575	1.22
2009	18.071	21.814	1.21
2010	19.498	24.391	1.25
2011	19.247	22.252	1.16
2012	18.380	22.537	1.23
2013	18.261	22.268	1.22
2014	18.007	21.094	1.17
2015	18.152	21.090	1.16
2016	17.970	20.444	1.14
2017	17.093	19.422	1.14

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE  
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	72	289	
3 -inch	9.00	5	45	
4 -inch	16.00	205	3,279	
6 -inch	36.00	358	12,897	
8 -inch	64.00	239	15,296	
10 -inch	100.00	39	3,864	
12 -inch	144.00	10	1,439	
Private Hydrants	26.50	597	15,822	
Total Private Fire Protection		1,525	52,931	0.3637
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
5 1/4" Valve	2- 2-1/2" & 1-5 1/4"	26.50	3,495	92,623
Total Public Fire Protection		3,495	92,623	0.6363
Total Fire Protection		5,020	145,554	1.0000

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS  
CALCULATION OF CUSTOMER COST PER MONTH FOR A 5/8-INCH METER

<u>Cost Function</u> (1)	<u>Cost of Service</u> (2)	<u>Total Units</u> (3)	<u>Cost Per 5/8-inch Meter</u> (4)	<u>Cost Per 5/8-inch Meter Monthly Bill</u> (5)
Meters	3,921,668	76,444 5/8-inch Equivalents	\$ 51.30	\$ 4.28
Services	6,288,899	71,359 3/4-inch Equivalents	\$ 88.13	\$ 7.34
Billing, Collecting and Meter Reading	3,653,120	67,044 Customers	\$ 54.49	\$ 4.54
Subtotal Customer Costs	<u>\$13,863,687</u>			\$ 16.16
Unrecovered Public Fire	<u>4,466,862</u>	76,444 5/8-inch Equivalents	\$ 58.43	\$ 4.87
Total Customer Costs and Public Fire	<u><u>\$18,330,550</u></u>			<u><u>\$ 21.03</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
CALCULATION OF CUSTOMER COST PER MONTH FOR A 5/8-INCH METER  
**BASED ON DIRECT COSTS**

<u>Cost Function</u> (1)	<u>Direct Cost of Service</u> (2)	<u>Total Units</u> (3)	<u>Cost Per 5/8-inch Meter</u> (4)	<u>Cost Per 5/8-inch Meter Monthly Bill</u> (5)
Meters	3,647,802	76,444 5/8-inch Equivalents	\$ 47.72	\$ 3.98
Services	5,626,180	71,359 3/4-inch Equivalents	\$ 78.84	\$ 6.57
Billing, Collecting and Meter Reading	3,525,979	67,044 Customers	\$ 52.59	\$ 4.38
Subtotal Customer Costs	<u>\$12,799,961</u>			\$ 14.93
Unrecovered Public Fire	<u>4,466,862</u>	76,444 5/8-inch Equivalents	\$ 58.43	\$ 4.87
Total Customer Costs and Public Fire	<u><u>\$17,266,823</u></u>			<u><u>\$ 19.80</u></u>



VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

**ANALYSIS OF DIRECT CUSTOMER COSTS**

Description	Meters	Services	Billing & Collecting
<b>Operation and Maintenance Expenses</b>			
T&D Labor - Operation			
Employee Salaries - Supervision	\$ 7,413		
Employee Salaries - Meters	108,721		
T&D Labor - Maintenance			
Employee Salaries - Supervision		\$ 31,302	
Employee Salaries - Structures and Improvements		134,174	
Employee Salaries - Services		46,215	
Total Customer Accounting Expenses			\$ 3,015,924
Management Fees - Customer Related			303,873
Management Fees - Employee Related	1,718	4,697	47,655
Transportation Expense	2,767	6,079	-
Worker's Compensation	1,028	2,259	-
Advertising Expense	-	-	-
Subtotal	121,646	224,727	3,367,452
<b>Depreciation Expense</b>			
Meters			
	1,606,360		
Services			
		1,043,115	
Office Buildings	8,529	18,740	-
Office Furniture & Equipment	3,438	7,554	-
Computer Software - CIS			-
Subtotal	1,618,328	1,069,409	-
<b>Taxes Other Than Income</b>			
Payroll Taxes			
	5,714	15,624	158,527
Assessments			
	-	-	-
Subtotal	5,714	15,624	158,527
<b>Rate Base</b>			
Meters			
	19,963,388		
Services			
		45,327,178	
Office Land/Buildings	288,337	633,503	-
Office Furniture and Equipment	30,420	66,836	-
Computer Software - CIS			-
Materials and Supplies	35,406	77,791	-
Deferred Taxes	(1,315,895)	(2,985,315)	-
Subtotal	19,001,657	43,119,994	-
Return and Income Taxes	1,902,114	4,316,420	-
Total Direct Customer Costs	<u>3,647,802</u>	<u>5,626,180</u>	<u>3,525,979</u>

APPENDIX

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - a. A description of the allocation methods used. A comparison of the allocated cost of service by class with the present and proposed revenues. A cost of service schedule showing the rate of return produced by present and proposed rates by class of service.

RESPONSE

A description of the methods used for the cost of service study is provided in Exhibit CEH-1. A comparison of the allocated cost of service by class with the present and proposed revenues is provided on Schedule A of Exhibit No. CEH-1. Schedules B and C showing the rate of return produced by present and proposed rates by customer classification are provided in Exhibit CEH-1.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - b. Indicate if the method used for establishing the allocation factors in the cost of service study deviates from the previous study submitted in the last rate case. If yes, indicate which allocation factors were changed and discuss the reason for the changes.

RESPONSE

The method used for establishing the allocation factors in the cost of service study is the base extra capacity method. This is the same method used in the previous study submitted in the last case.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - c. Supply the average day, the maximum day and the maximum hour deliveries to the system adjusted for storage for the historic test year and 2 prior years. Also provide workpapers, analyses, comparative data or other documentation supporting the estimated maximum day and peak hour demands by customer class reflected in the company's cost of service study.

RESPONSE

Refer to Schedule D of Exhibit No. CEH-1 for the average day and maximum day system deliveries for the years 2000 through 2022. Support for the customer class demand factors is provided in the attached pages from the Customer Class Demand Study filed in Docket No. R-2011-2232985.

UNITED WATER PENNSYLVANIA INC.

Harrisburg, Pennsylvania

CUSTOMER CLASS DEMAND STUDY

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION  
Harrisburg, Pennsylvania



**GANNETT FLEMING, INC.**  
P.O. Box 67100  
Harrisburg, PA 17106-7100  
Location:  
207 Senate Avenue  
Camp Hill, PA 17011  
**Office: (717) 763-7211**  
Fax: (717) 763-4590  
www.gannettfleming.com

May 2, 2011

United Water Pennsylvania Inc.  
4211 East Park Circle  
Harrisburg, PA 17111

Attention Mr. John Hollenbach  
Vice President and General Manager

Gentlemen:

Pursuant to your request, we have prepared a customer class demand study. The study was conducted to provide a basis for the selection of class maximum day and hour demand ratios for use in the cost of service allocation study.

The attached report presents a description of the methods and procedures used, the usage data for each monitored customer, and the detailed calculations of maximum day and hour ratios by classification. The results of the study are presented on page I-6 of the report.

Respectfully submitted,

GANNETT FLEMING, INC.

PAUL R. HERBERT  
President

CONSTANCE E. HEPPENSTALL  
Rate Analyst

PRH:krm

053354



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PART I. INTRODUCTION

UNITED WATER PENNSYLVANIA INC.  
CUSTOMER CLASS DEMAND STUDY

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the customer class demand study conducted during the period of August 2010 through March 2011 for United Water Pennsylvania Inc. (Company). The study is organized into three parts. Part I, Introduction, contains statements with respect to the basis of the study, a description of the methods and procedures used, and a summary of the study results. Part II, Maximum Day and Hour Ratios, sets forth a description of the calculations of the maximum day and maximum hour ratios for each classification as a result of the observed demand data. Part III, Daily and Hourly Usage Data, provides the daily usage for each monitored customer and the hourly usage for selected days during the study period.

BASIS OF STUDY

In the Base Extra-Capacity method of cost allocation, as described in AWWA Manual M1 - Principles of Water Rates, Fees, and Charges, the extra capacity portion of the water system is allocated to customer classifications based on the non-coincident demands of each classification. The non-coincident demand is the sum of the peaks for each class regardless of the day or hour such peaks may occur. The purpose of a customer class demand study is to establish a basis for selecting maximum day and maximum hour ratios for each customer classification. The ratios will be used for allocating maximum day and hour extra capacity costs in the cost of service allocation study prepared for the Company's rate filing. The results of the cost of service allocation study are used as a guide for designing the proposed rate structure.

## METHODS AND PROCEDURES

The customers were selected for the study with the objective of obtaining a reasonably representative sample of customers in each class. The residential class sample consists of data from nine SCADA monitoring points that serve exclusively or predominantly residential customers. Most of these sample areas have a mix of medium and high density housing types. Two very large areas are predominantly composed of high density housing. One area is almost exclusively low density housing. The total number of residential customers in the areas sampled is approximately 5,000, which amounts to nearly ten percent of total residential customers served by United Water Pennsylvania Inc..

The commercial customer class is represented by a sample of 38 customers including fast food establishments, restaurants, a health club, hospitals, and hotels, along with a separate grouping of seven apartment complexes. The commercial sample represents approximately ten percent of all consumption by customers coded “commercial” for billing. The apartment sample represents approximately seven percent of consumption by customers coded “apartment”. The combined commercial and apartment samples represent approximately nine percent of total consumption by all customers of these two types.

The industrial customer class is represented by a sample of seven customers, including most of the largest customers. The large industrial customer class is represented by the only two customers in this class. The industrial and large industrial customer samples account for 78 percent of consumption by all industrial customers. The public customer class consists of facilities owned by public entities such as offices, prisons, schools, public housing, and wastewater treatment plants. The public customer class is represented by a sample of ten customers that account for approximately 23 percent of consumption by all public customers.

The Company operates a number of separate areas (“systems”) in Pennsylvania. The demand study includes residential SCADA monitoring data from the Harrisburg, Mechanicsburg, and Newberry systems. The commercial, industrial, and public customer class samples include customers in the Harrisburg, Bloomsburg, Mechanicsburg, and Dallas systems. For each class this study combines data from each of these systems to produce maximum day and hour ratios to be applied to the entire United Water Pennsylvania Inc. service area.

The source of the usage data for the residential sample is the Company’s SCADA information system, which continuously monitors flows through a pump or valve, and for areas with tanks also records hourly storage tank levels.

Radio read devices (ERT’s, for “Encoded Receiver Transmitter”) were installed on the non-residential sample customers. The ERT attaches to a customer’s meter and records hourly usage for a fixed period of time, which is then periodically read by a mobile device. The majority of the ERT’s were of the type “100W” and the remainder were OMNI brand devices, which differ slightly in the methods of data storage and retrieval.

The data for each customer are summarized in spreadsheet format for each classification. For each day, the sum of the day’s consumption amounts for all sampled customers in the class is calculated. The maximum of these sums - the coincident maximum day demand – is the peak that occurs for the group of customers at the same time. The non-coincident peak is the sum of each customer’s individual peak usage, regardless of the day on which the peak occurred. The results of both the coincident and non-coincident peak demands are used in the selection of maximum day ratios. These calculations will be discussed further in Part II of the report.

In order to calculate the peak demands for the residential samples, an additional step was required. Six of the nine SCADA monitoring stations have a storage tank connected to the distribution grid. Consequently, the flow data must be adjusted in

order to account for water drawn from or accumulated in the tanks. The adjusted data represents water that was delivered to the distribution system and consumed by customers. An increase in water in a tank over a measuring period represents water pumped but not consumed in that period, and is therefore subtracted from pumpage in order to calculate consumption for that period. The opposite is true for decreases in water storage in the tanks. Company staff performed the calculations to make these adjustments, using SCADA data on tank levels to calculate changes to the volume of water stored in the tanks.

Maximum day and hour ratios were calculated as a result of the peak day and peak hour data recorded from the analysis. The peak day usage is divided by the 2010 average daily usage for each customer to produce the maximum day ratio, and similarly for the maximum hour ratio. For the residential monitoring stations, the average was calculated from the same adjusted SCADA monitoring station data that was used to determine the coincident and non-coincident maximums. For the non-residential customers, the average usage was determined from the billing records over a twelve-month period.

## RESULTS OF STUDY

A description of the calculations of the maximum day and hour ratios for each customer classification is provided in Part II of the report. The selected ratios for use in the cost of service allocation study accompanying this report are summarized in the table below. A listing of the daily and peak hourly usage for the nine SCADA monitoring points and for each monitored customer is provided in Part III of the report.

## SUMMARY OF MAXIMUM DAY AND HOUR RATIOS

<u>Customer Classification</u>	<u>Maximum Day Ratio</u>	<u>Maximum Hour Ratio</u>
Residential	1.6	2.7
Commercial	1.6	5.0
Industrial	1.7	4.8
Large Industrial	1.7	2.9
Public	1.6	4.0

PART II. MAXIMUM DAY AND HOUR RATIOS



## PART II. MAXIMUM DAY AND HOUR RATIOS

Residential - Maximum Day. The maximum day ratios for the residential class are based on weighted coincident and non-coincident ratios resulting from the analysis of data from nine SCADA monitoring points. For the selection of maximum day ratios, more weight is given to the coincident analysis because maximum day facilities serve customers over several distribution systems. The non-coincident analysis was considered because it represents the potential peak demands of each SCADA monitoring point and it provides an indication of what the coincident maximum ratio would be if each monitoring point's peak usage occurred on the same day, and also reflects the demands placed on facilities at the local level.

The coincident and non-coincident maximum day ratios are calculated on Schedule 1. The maximum day usage in gallons and the date on which the peak usage occurred are shown in columns 5 and 6 for each residential zone represented by SCADA monitoring point in column 1. The average day usage is shown in column 4, and is based on 2010 SCADA data for that monitoring point. The maximum day ratio for each area is calculated by dividing the peak day usage by the average daily usage and is shown in column 7.

The residential non-coincident maximum day ratio for the Company is calculated as a weighted composite of each SCADA monitoring point's maximum day ratio shown in column 7. The weighting is selected in order to be representative of the housing distribution types in the Company's service area. Through the use of the Company's GIS system, it was determined that 8.5 percent of the Company's residential customers have a lot size over 0.6 acres, regarded as the size of low density housing. The balance of customer lots (91.5%) are 0.6 acres and under, corresponding to a mix of medium and high density housing. These characteristics are used in the weightings shown in column 10. The non-coincident maximum day ratio for the area served by Continental Booster, which is a low density development, is given a weight of 8.5%. The ratios for

the remaining eight monitoring stations are considered reasonably representative of the balance of the service area (medium and high density). These ratios are averaged and the resulting average is given a weight of 91.5%. The resulting weighted composite non-coincident maximum day ratio, shown in column 11, is 1.68.

The coincident maximum day--the day with the highest usage of all of the sampled SCADA monitoring stations combined--occurred on July 5, 2010. The calculation of the coincident maximum day ratio uses the same process as for the non-coincident maximum day. In this case, the coincident maximum day ratio analysis uses a weighted composite of each SCADA monitoring point's ratio on the coincident maximum day. Each monitoring point's usage and ratio on the coincident maximum day are shown in columns 8 and 9 respectively. The composite is calculated using the same weights that are used to determine a non-coincident maximum day ratio. Column 12 shows that the composite average of the ratios on the coincident maximum day is 1.39.

Based on the composite coincident ratio of 1.39 and the non-coincident ratio of 1.68, the maximum day ratio for residential customers is estimated at 1.6.

Residential - Maximum Hour. The analysis of maximum hour data was performed in a similar manner as the maximum day analysis. The maximum hour was found by examining the hourly usage on a day of relatively high use for that SCADA monitoring point. The calculation of non-coincident maximum hour ratios is summarized on Schedule 2.

The selection of the maximum hour ratio is based exclusively on the non-coincident analysis because maximum hour facilities are those that are required to meet peak demands at a certain location or local distribution system. The non-coincident ratios for the nine SCADA monitoring points range from 1.43 to 5.67. The composite average of these ratios using the weights described above for maximum day is 2.68. Based on these results, the maximum hour ratio for residential customers is estimated at 2.7.

UNITED WATER PENNSYLVANIA INC.

SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
 BASED ON SCADA DATA, JANUARY THROUGH DECEMBER 2010  
 RESIDENTIAL

SCADA Monitoring Point (1)	Density* (2)	System (3)	Average Hour, Gallons (4)	Non-Coincident Maximum Day		Date (6)	Ratio (7)	Coincident Maximum Day (7/5/2010)		Composite Ratio Computation						
				Usage (5)	Ratio (7)			Usage (8)	Ratio (9)	Weight (10)	Non- Coincident (11)=(7)X(10) Coincident (12)=(9)X(10)					
Oberlin***	High	HBG	497,452	629,000	2/7/2010	1.26	554,000	1.11								
Sixth Street***	High	HBG	172,196	346,000	9/9/2010	2.01	209,583	1.22								
Blue Meadows	Medium & High	HBG	125,179	178,000	7/5/2010	1.42	178,000	1.42								
Marysville***	Medium & High	HBG	274,622	352,203	9/15/2010	1.28	299,376	1.09								
Hidden Lakes	Medium & High	HBG	89,027	129,000	7/5/2010	1.45	129,000	1.45								
Susquehanna Village	Medium & High	NEW	59,630	87,000	7/5/2010	1.46	87,000	1.46								
Forest Hills***	Medium	HBG	57,224	99,688	9/12/2010	1.74	72,070	1.26								
Center Square	Medium	MECH	114,838	196,490	9/15/2010	1.71	151,540	1.32								
Subtotal of Medium and High Density - Average of Ratios						1.54		1.29	91.5%	1.41	1.18					
Continental Booster						Low	HBG	6,872	22,000	6/20/2010	3.20	16,000	2.33	8.5%	0.27	0.20
Composite Maximum Day Ratio****											1.68				1.38	

\*All areas have a mix of medium and high housing densities, with the exception of Continental Booster. The predominant density or combination of densities is listed.  
 \*\* Average usage based on annual SCADA data divided by 365 days.  
 \*\*\*Includes some non-residential customers (less than 10% by number of customers)  
 \*\*\*\*A weighted average of the ratios, in which the low density area ratio is weighted by 8.5% to reflect the low density composition of the UWPA service area and the medium and high density area ratios are equally weighted for the remaining 91.5%.

UNITED WATER PENNSYLVANIA INC.

SUMMARY OF MAXIMUM HOUR RATIOS  
 BASED ON SCADA DATA, JANUARY THROUGH DECEMBER 2010  
 RESIDENTIAL

SCADA Monitoring Point (1)	Density (2)	System (3)	Average Usage* (4)	Gallons (5)	Maximum Hour Usage Date (6)	Hour (7)	Maximum Hour Ratio (8)	Weighting (9)	Composite Ratio Calculation (10)=(8) X (9)	
Sixth Street**	High	HBG	7,175	18,525	7/4/2010	11:00 AM	2.58			
Forest Hills**	Medium	HBG	2,384	8,630	5/27/2010	8:00 PM	3.62			
Blue Meadows	Medium & High	HBG	5,216	15,012	7/5/2010	8:00 PM	2.88			
Oberlin**	High	HBG	20,727	34,168	2/7/2010	11:00 AM	1.65			
Marysville**	Medium & High	HBG	11,443	16,325	12/7/2010	7:00 PM	1.43			
Hidden Lakes	Medium & High	HBG	3,709	9,867	7/5/2010	12:00 PM	2.66			
Susquehanna Village	Medium & High	NEW	2,485	4,823	7/5/2010	6:00 PM	1.94			
Center Square	Medium	MECH	4,772	11,718	7/4/2010	11:00 AM	2.46			
Subtotal of Medium and High Density - Average of Ratios								2.40	91.5%	2.20
Continental Booster								5.67	8.5%	0.48
Composite Maximum Hour Ratio***										2.68

\* Average usage based on annual SCADA data divided by 365 days and divided by 24 hours.

\*\*Includes some non-residential customers (less than 10% by number of customers)

\*\*\*A weighted average of the ratios, in which the Continental Booster ratio is weighted by 8.5% to reflect the low density composition of the UWPA service area and the balance of the other pumping station ratios are equally weighted for the remaining 91.5%.

Commercial - Maximum Day. The data for the sampled commercial customers were gathered and summarized in a similar manner as the residential class and are presented in Schedule 3. Besides the sample of customers coded as “commercial” for billing, an additional sample of seven customers who are coded for billing as “apartments” was examined to determine whether this group constituted a sufficiently different customer type in terms of capacity ratios to warrant creation of a separate customer class for apartments. The results for the apartment sample are presented in Schedule 4. Maximum day ratios for a combined sample of the commercial customers and the additional apartments are shown in Schedule 5.

Commercial customers are separated by system or service area including Harrisburg, Bloomsburg, Mechanicsburg, and Dallas. Since each system is essentially stand-alone, each area was considered separately. The maximum day usage in gallons and the date on which the peak usage occurred are shown in columns 5 and 6 for each customer. The average day usage, shown in column 4, is based on total consumption billed in 2010 divided by total days billed. The maximum day ratio for each customer, shown in column 7, is calculated by dividing the peak day usage by the average daily usage. The non-coincident demand for each system’s commercial customers, shown in column 5, is the sum of each customer’s maximum demand. The non-coincident maximum day ratio for the each system’s commercial customers is calculated as the non-coincident maximum demand divided by the average daily consumption.

For the commercial customer sample shown in Schedule 3, the non-coincident maximum day ratios for the four areas range from 1.72 for the Bloomsburg system to 2.39 for Harrisburg. The commercial composite non-coincident maximum day ratio for all of United Water Pennsylvania is calculated as a weighted average of the ratios of these four areas. Each system’s ratio is weighted by its share of the total commercial consumption by all commercial customers in all four systems. For example, out of all commercial consumption in these four systems for the year 2009, 66.4 percent occurred

in the Harrisburg system; so Harrisburg's ratio is weighted at 66.4 percent. The resulting composite non-coincident commercial maximum day ratio is 2.20.

The coincident maximum day ratio is computed in the same manner. A coincident maximum day and ratio are identified for each system and ratios are combined using the same weighting as for the non-coincident ratio. The coincident ratios for the systems range from 1.40 for Harrisburg to 2.01 for Dallas. The resulting weighted composite coincident ratio for commercial customers is 1.46.

The analysis for apartments is shown in Schedule 4. The non-coincident maximum day ratio for the apartments in the Harrisburg system is 1.92 and the ratio for the Mechanicsburg system is 1.98. The weighted composite non-coincident ratio is computed analogously to that described above for commercial customers, in this case using the system's share of all consumption by customers coded as "apartment". The weighting is 96.2% for Harrisburg and 3.8% for Mechanicsburg, resulting in a composite non-coincident demand ratio of 1.93 for apartments. The coincident maximum day ratio in the Harrisburg system is 1.40, which is combined with Mechanicsburg's ratio of 1.98 for a weighted composite coincident maximum day ratio of 1.43.

The analysis for the combined sample of the mixed commercial customers and the seven additional apartments is shown in Schedule 5. The non-coincident ratios for the individual systems range from 1.72 for the Bloomsburg system to 2.20 for the Harrisburg system. The weighting used in calculating the composite ratio for the combined grouping uses the share of consumption by all customers coded as commercial or apartment. The resulting weighted composite non-coincident maximum day ratio is 2.13. The coincident maximum day ratios range from 1.19 in Harrisburg to 2.01 in Dallas. The weighted composite coincident maximum day ratio for the combined commercial and apartment samples is 1.27. The ratios for the three commercial groupings are shown on the following page.

### Summary of Commercial Maximum Day Ratios

	<u>Non-coincident</u>	<u>Coincident</u>
Commercial	2.20	1.46
Apartments	1.93	1.43
Combined	2.13	1.27

The difference in ratios among the three commercial groupings is considered not sufficiently significant to warrant the treatment of apartments as a separate customer class. Based on the ratios presented above, the maximum day ratio for the commercial class is estimated at 1.6.

UNITED WATER PENNSYLVANIA INC.  
SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMMERCIAL CUSTOMERS

Account Number (1)	Type (2)	Recorder Type (3)	Average Day Gallons (4)	Usage (5)	Date (6)	Ratio (7)	Composite Ratio Calculation Ratio	
							Weight (8)	Non-Coincident (9)=(7)X(8)
<u>Harrisburg System</u>								
999-856-941	Funeral Home	100W	233	870	3/25/2011	3.74		
999-832-785	Dentist	100W	422	1,840	2/3/2011	4.36		
998-910-171	Restaurant	100W	3,055	3,980	1/0/1900	1.30		
998-604-371	Restaurant	100W	809	2,370	4/1/2011	2.93		
998-845-004	Day Care	100W	844	1,460	3/29/2011	1.73		
999-835-062	Office Building	100W	121	270	1/10/2011	2.24		
998-694-780	Bowling Lanes	100W	580	1,900	3/19/2011	3.28		
999-796-266	Store and Car Wash	100W	5,079	18,500	2/13/2011	3.64		
998-754-807	Restaurant	100W	5,299	5,700	1/1/2011	1.08		
998-759-416	Health Club	100W	1,382	3,200	1/0/1900	2.32		
998-641-386	Convenience Store	100W	3,778	10,400	1/15/2011	2.75		
998-960-375	Restaurant	100W	890	1,400	2/12/2011	1.57		
999-871-967	Home Center	100W	1,301	2,000	8/31/2010	1.54		
999-320-207	Department Store	100W	1,299	2,500	9/18/2010	1.92		
999-956-491	Laundromat	100W	2,541	5,800	4/3/2011	2.28		
999-928-727	Department Store	100W	6,099	9,000	9/1/2010	1.48		
999-034-306	Office Building	100W	1,000	8,300	3/21/2011	8.30		
999-997-961	Bakery	100W	25,090	47,000	3/16/2011	1.87		
999-997-653	Hospital	100W	12,959	63,000	2/23/2011	4.86		
999-997-631	Hospital	100W	23,055	35,000	1/1/2011	1.52		
999-060-365	Indoor Shopping Mall	100W	19,077	55,000	8/31/2010	2.88		
998-681-943	Hotel	100W	25,777	45,000	9/5/2010	1.75		
998-516-074	Bank	100W	40	280	3/29/2011	6.95		
999-928-045	Medical Office	100W	80	380	3/31/2011	4.77		
998-579-060	Hotel	OMNI	8,609	18,331	8/21/2010	2.13		
998-567-389	Hotel	OMNI	4,932	12,974	8/21/2010	2.63		
998-545-499	Hotel	OMNI	5,352	22,797	9/1/2010	4.26		

(Continued on next page.)



UNITED WATER PENNSYLVANIA INC.  
SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMMERCIAL CUSTOMERS

Account Number (1)	Type (2)	Recorder Type (3)	Average Day Gallons (4)	Usage (5)	Maximum Day Date (6)	Ratio (7)	Composite Ratio Calculation			
							Weight (8)	Ratio (9)=(7)X(8) (10)=(7)X(8)		
<u>Harrisburg System</u> (Continued from previous page.)										
998-523-686	Bank and Restaurant	OMNI	293	1,038	11/13/2010	3.54				
998-504-799	Church	OMNI	883	3,992	3/13/2011	4.52				
998-557-888	Office and Apartments	OMNI	423	1,219	12/8/2010	2.88				
	Non-coincident Demand		161,302	385,501		2.39	66.4%	1.59		
	Coincident Demand		161,302	225,671	2/18/2011	1.40	66.4%		0.93	
<u>Bloomsburg System</u>										
999-406-876	Medical Office	100W	13,016	21,000	9/2/2010	1.61				
999-596-076	Hospital	100W	18,663	25,700	9/2/2010	1.38				
999-592-226	Mobile Home Park	100W	11,934	32,000	3/13/2011	2.68				
998-943-061	Truck Stop	100W	17,121	25,500	3/26/2011	1.49				
	Non-coincident Demand		60,734	104,200		1.72	15.8%	0.27		
	Coincident Demand		60,734	87,800	3/15/2011	1.45	15.8%		0.23	
<u>Mechanicsburg System</u>										
999-490-146	Apts. & Assisted Living	100W	20,841	26,100	1/14/2011	1.25				
998-852-542	Fuel Oil Retailer	OMNI	1,466	15,197	12/20/2010	10.37				
998-448-365	Laundromat	OMNI	1,365	3,550	3/6/2011	2.60				
	Non-coincident Demand		23,672	44,847		1.89	14.9%	0.28		
	Coincident Demand		23,672	38,289	12/20/2010	1.62	14.9%		0.24	
<u>Dallas System</u>										
998-697-904	Apartments & Villas	OMNI	5,825	11,726	9/10/2010	2.01	2.9%	0.06	0.06	
COMPOSITE MAXIMUM DAY RATIOS							2.20		1.46	

\* Average daily consumption is based on billed consumption for the twelve months of 2010, except for Mid Penn Bank, Sonic Drive In, Fiesta Mexico, and William Kotsalos. These customers use available early 2011 billed consumption in place of early 2010 consumption due to unavailability of data or nonrepresentative conditions (e.g., construction) over that period of 2010.

\*\*The system's commercial consumption as a percentage of total commercial consumption across all four systems.

UNITED WATER PENNSYLVANIA INC.

SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
APARTMENTS

Account Number (1)	Recorder Type (2)	Average Day, Gallons* (3)	Usage (4)	Maximum Day		Weight (7)	Composite Ratio Calculation		
				Date (5)	Ratio (6)		Non-Coincident (8) = (6) X (7)	Coincident (9) = (6) X (7)	
<u>Harrisburg System</u>									
999-829-914	100W	8,096	12,400	10/16/2010	1.53				
999-998-896	100W	31,363	53,000	9/26/2010	1.69				
999-017-982	100W	23,836	35,000	9/20/2010	1.47				
999-326-059	100W	16,652	40,003	9/7/2010	2.40				
998-766-148	100W	7,458	31,000	3/31/2011	4.16				
999-998-291	100W	21,647	38,000	3/31/2011	1.76				
Non-Coincident Demand		109,050	209,403		1.92	96.2%	1.85		
Coincident Demand		109,050	152,400	3/31/2011	1.40	96.2%		1.35	
<u>Mechanicsburg System</u>									
999-478-244	100W	11,101	22,000	9/27/2010	1.98	3.8%	0.08	0.08	
<b>COMPOSITE MAXIMUM DAY RATIOS</b>								1.93	1.43

\* Average day is based on billed consumption for the twelve months of 2010.

\*\*The system's apartment consumption as a percentage of total apartment consumption over both systems.

## UNITED WATER PENNSYLVANIA INC.

SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMBINED APARTMENTS AND COMMERCIAL CUSTOMERS

System (1)	Average Day, Gallons (2)	Maximum Day		Weight * (6)	Composite Ratio Calculation Ratio	
		Usage (3)	Date (4)		Ratio (5)	Non- Coincident (7)= (5) X (6)
HARRISBURG						
Non-Coincident Demand	270,352	594,904		78.0%	1.72	
Coincident Demand	270,352	321,171	2/18/2011	78.0%		0.93
BLOOMSBURG						
Non-Coincident Demand	60,734	104,200		9.7%	0.17	
Coincident Demand	60,734	87,800	3/15/2011	9.7%		0.14
MECHANICSBURG						
Non-Coincident Demand	34,774	66,847		10.5%	0.20	
Coincident Demand	34,774	51,634	12/13/2010	10.5%		0.16
DALLAS						
Coincident/Non-Coincident Demand	5,825	11,726	9/10/2010	1.8%	0.04	0.04
COMPOSITE MAXIMUM DAY RATIOS					2.13	1.27

\* The system's commercial and apartment consumption as a percentage of total apartment and commercial consumption across all four systems.

Commercial - Maximum Hour. The maximum hour data for the sampled commercial customers are presented in Schedule 6. The selection of maximum hour ratios is based exclusively on the non-coincident analysis because maximum hour facilities are required to meet peak demands at a certain location or local distribution system. The non-coincident maximum hour ratios range from 2.88 for Bloomsburg to 6.18 for Harrisburg. The composite non-coincident maximum hour ratio for all of United Water Pennsylvania Inc. is calculated as a weighted average, using the same weighting as for the maximum day ratios. The resulting composite maximum hour ratio is 5.54.

The maximum hour data for the sample of seven apartments is shown in Schedule 7. The non-coincident maximum hour ratio for the apartments in the Harrisburg system is 3.65 and the ratio for the Mechanicsburg system is 6.49. The weighted composite maximum hour ratio for apartments is calculated using the same weights as for the maximum day ratio for apartments. The resulting composite maximum hour ratio for apartments is 3.76.

The maximum hour data for the combined commercial and apartment samples is shown in Schedule 8. The non-coincident maximum hour ratio for the four systems ranges from 2.88 for Bloomsburg to 5.97 for Dallas. The weighted composite non-coincident maximum hour ratio is 5.02.

The maximum hour ratios for the three commercial groupings are shown below.

Summary of Commercial Non-Coincident  
Maximum Hour Ratios

	<u>Ratio</u>
Commercial	5.54
Apartments	3.76
Combined	5.02

Based on these results, the maximum hour ratio for the commercial class is estimated at 5.0.

UNITED WATER PENNSYLVANIA INC.  
SUMMARY OF MAXIMUM HOUR RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMMERCIAL CUSTOMERS

Account Number (1)	Type (2)	Recorder Type (3)	Average Hour, Gallons (4)	Maximum Hour Usage		Max Hour Ratio (8)	Composite Ratio Calculation Weight * Ratio (9) = (8)X(9)
				Gallons (5)	Date (6)		
<u>Harrisburg System</u>							
999-856-941	Funeral Home	100W	10	130	10/14/2010	11:00 AM	13.40
999-832-785	Dentist	100W	18	390	2/3/2011	1:00 PM	22.18
998-910-171	Restaurant	100W	127	350	10/12/2010	6:00 PM	2.75
998-604-371	Restaurant	100W	34	240	2/18/2011	4:00 PM	7.12
998-845-004	Day Care	100W	35	310	3/29/2011	11:00 AM	8.82
999-835-062	Office Building	100W	5	60	3/2/2011	3:00 PM	11.95
998-694-780	Bowling Lanes	100W	24	300	3/19/2011	12:00 AM	12.42
999-796-266	Store and Car Wash	100W	212	2,100	2/13/2011	4:00 PM	9.92
998-754-807	Restaurant	100W	221	600	10/7/2010	9:00 PM	2.72
998-759-416	Health Club	100W	58	400	1/31/2011	6:00 PM	6.95
998-641-386	Convenience Store	100W	157	900	1/9/2011	4:00 PM	5.72
998-960-375	Restaurant	100W	37	200	1/15/2011	7:00 PM	5.39
999-871-967	Home Center	100W	54	300	1/20/2011	8:00 AM	5.53
999-320-207	Department Store	100W	54	300	2/15/2011	2:00 PM	5.54
999-956-491	Laundromat	100W	106	1,200	12/31/2010	2:00 PM	11.33
999-928-727	Department Store	100W	254	1,600	1/5/2011	2:00 PM	6.30
999-034-306	Office Building	100W	42	700	2/16/2011	12:00 PM	16.80
999-997-961	Bakery	100W	1,045	6,000	3/16/2011	11:00 AM	5.74
999-997-653	Hospital	100W	540	4,000	2/24/2011	12:00 PM	7.41
999-997-631	Hospital	100W	961	4,000	1/11/2011	2:00 PM	4.16
999-060-365	Indoor Shopping Mall	100W	795	5,000	8/31/2010	8:00 AM	6.29
998-681-943	Hotel	100W	1,074	5,000	9/5/2010	7:00 AM	4.66
998-516-074	Bank	100W	2	150	3/29/2011	10:00 AM	89.35
999-928-045	Medical Office	100W	3	150	3/31/2011	11:00 AM	45.19
998-579-060	Hotel	OMNI	359	2,502	8/21/2010	7:00 AM	6.97
998-567-389	Hotel	OMNI	205	1,896	8/21/2010	6:00 AM	9.23
998-545-499	Hotel	OMNI	223	1,741	11/7/2010	6:00 PM	7.81

UNITED WATER PENNSYLVANIA INC.  
SUMMARY OF MAXIMUM HOUR RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMMERCIAL CUSTOMERS

Account Number (1)	Type (2)	Recorder Type (3)	Average Hour, Gallons (4)	Gallons (5)	Maximum Hour Usage Date (6)	Hour (7)	Max Hour Ratio (8)	Weight * (9)	Composite Ratio Calculation (10)=(8)X(9) Ratio
<u>Harrisburg System</u> (Continued from previous page.)									
998-523-686	Bank and Restaurant	OMNI	12	172	11/13/2010	5:00 PM	14.08		
998-504-799	Church	OMNI	37	571	12/4/2010	1:00 PM	15.51		
998-557-888	Office and Apartments	OMNI	17	278	12/8/2010	5:00 PM	16.68		
Non-Coincident Demand			6,720	41,540			6.18	66.4%	4.10
<u>Bloomsburg System</u>									
999-406-876	Medical Office	100W	542	2,000	9/2/2010	8:00 AM	3.69		
999-596-076	Hospital	100W	778	1,800	9/2/2010	11:00 AM	2.31		
999-592-226	Mobile Home Park	100W	497	2,000	2/27/2011	10:00 AM	4.02		
998-943-061	Truck Stop	100W	713	1,500	2/28/2011	6:00 PM	2.10		
Non-Coincident Demand			2,531	7,300			2.88	15.8%	0.46
<u>Mechanicsburg System</u>									
999-490-146	Apts. & Assisted Living	100W	868	2,200	8/30/2010	6:00 PM	2.53		
998-852-542	Fuel Oil Retailer	OMNI	61	2,538	10/11/2010	7:00 AM	41.56		
998-448-365	Laundromat	OMNI	57	599	11/21/2010	11:00 AM	10.53		
Non-Coincident Demand			986	5,337			5.41	14.9%	0.81
<u>Dallas System</u>									
998-697-904	Apartments & Villas	OMNI	243	1,450	9/10/2010	11:00 AM	5.97	2.9%	0.17
<b>COMPOSITE NON-COINCIDENT MAXIMUM HOUR DEMAND RATIO</b>									<b>5.54</b>

\*The system's commercial consumption as a percentage of total commercial consumption across all four systems.

UNITED WATER PENNSYLVANIA INC.

SUMMARY OF MAXIMUM HOUR RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011

APARTMENTS

Account Number (1)	Recorder Type (2)	Average Hour, Gallons (3)	Maximum Hour Usage		Max Hour Ratio (7)	Composite Ratio Calculation		
			Gallons (4)	Date (5)		Hour (6)	Weight (8)	Ratio (9)=(7)X(8)
<u>Harrisburg System</u>								
999-829-914	100W	337	800	9/20/10	10:00 AM	2.37		
999-998-896	100W	1,307	2,500	1/9/11	11:00 AM	1.91		
999-017-982	100W	993	3,000	9/20/10	1:00 AM	3.02		
999-326-059	100W	694	3,000	1/18/11	11:00 AM	4.32		
998-766-148	100W	311	4,000	12/20/10	6:00 AM	12.87		
999-998-291	100W	902	3,290	1/22/11	10:00 AM	3.65		
Non-Coincident Demand		4,544	16,590			3.65	96.2%	3.51
<u>Mechanicsburg System</u>								
999-478-244	100W	463	3,000	1/31/11	11:00 PM	6.49	3.8%	0.25
<b>COMPOSITE NON-COINCIDENT MAXIMUM HOUR DEMAND RATIO</b>								<b>3.76</b>

\*The system's apartment consumption as a percentage of total apartment consumption over both systems.

UNITED WATER PENNSYLVANIA INC.  
SUMMARY OF MAXIMUM HOUR RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
COMBINED APARTMENTS AND COMMERCIAL

System (1)	Average Hour, Gallons (2)	Maximum Hour Usage (3)	Ratio (4)	Weight * (5)	Composite Ratio Calculation Ratio (6)=(4) X (5)
<b>NON-COINCIDENT DEMAND</b>					
Harrisburg	11,264	58,130	5.16	78.0%	4.02
Bloomsburg	2,531	7,300	2.88	9.7%	0.28
Mechanicsburg	1,449	8,337	5.75	10.5%	0.60
Dallas	243	1,450	5.97	1.8%	0.11
<b>COMPOSITE NON-COINCIDENT MAXIMUM HOUR DEMAND RATIO</b>					<b>5.02</b>

\*The system's commercial and apartment consumption as a percentage of total apartment and commercial consumption across all four systems.



Industrial and Large Industrial - Maximum Day. The maximum day data for the industrial and large industrial classes are presented in Schedule 9. Because the sampled industrial customers constitute roughly three-fourths of all consumption by industrial customers, the sample data are considered sufficiently representative of the population of industrial customers to use without any weighting adjustments to the results based on location. Two sets of ratios were calculated for the industrial class: one for the large industrial customers, which consists of two customers, and one for the remaining industrial customers. The average daily consumption, shown in column 4, is the total billed usage for 2010 divided by total days billed. The non-coincident demand for the seven industrial customers, shown in column 5, is the sum of each customer's maximum demand. The non-coincident maximum day ratio for the industrial customers is calculated as the non-coincident maximum demand divided by the average daily consumption.

For the general class of industrial customers, the coincident maximum day, October 27, 2011, is the day on which the sum of all of the sampled customers' demands was at its maximum. The coincident maximum demand, 451,080, is the demand on this coincident maximum day. The coincident maximum day ratio is calculated as the coincident maximum demand divided by the average daily consumption (shown in column 4). One of the customers was excluded from calculating the average for the coincident maximum ratio because a lack of monitoring data for that day.

The resulting ratios are shown in column 7. Based on the 1.85 non-coincident ratio and the 1.67 coincident ratio, the maximum day ratio for the industrial class is estimated at 1.7.

Analogous calculations were performed for the separate category of large industrial customers. The non-coincident maximum day ratio for the two large industrial customers combined is 1.71 and the coincident maximum day ratio is 1.63. Based on

these two ratios, the maximum day ratio for large industrial customers is estimated as 1.7, the same as for the general industrial class.

Industrial and Large Industrial - Maximum Hour. The maximum hour data for the industrial and large industrial classes are presented in Schedule 10. The selection of maximum hour ratios is based exclusively on the non-coincident analysis because maximum hour facilities are those which are required to meet peak demands at a certain location or local distribution system. The non-coincident maximum hour ratio for the general class of sampled industrial customers, calculated by dividing the sum of the maximum hourly demands (in column 5) by the sum of the average hourly demands (in column 4), is 4.85. Based on this result, and informed by a review of the component maximum hour ratios, the non-coincident hourly demand ratio for the industrial class is estimated as 4.8.

The non-coincident maximum hour ratios for the two large industrial customers were 2.66 and 3.07, with a ratio for both combined at 2.87. Based on these results the non-coincident maximum hour ratio for large industrial customers is estimated at 2.9.

UNITED WATER PENNSYLVANIA INC.

SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011

INDUSTRIAL AND LARGE INDUSTRIAL CUSTOMERS

Account Number (1)	System (2)	Recorder Type (3)	Average Day, Gallons * (4)	Gallons (5)	Maximum Day Date (6)	Ratio (7)
<u>Industrial</u>						
999-998-346	HBG	100W	1,293	4,500	8/30/2010	3.48
999-998-676	HBG	100W	4,951	7,000	2/17/2011	1.41
999-595-922	BLOOM	100W	122,479	203,000	10/5/2010	1.66
99-595-900	BLOOM	100W	61,570	155,000	10/25/2010	2.52
999-595-867	BLOOM	100W	959	2,670	9/2/2010	2.78
999-586-605	BLOOM	100W	17,641	43,300	9/22/2010	2.45
999-539-767	MECH	100W	66,931	95,000	9/13/2010	1.42
<u>Non-Coincident Demand</u>						
			275,825	510,470		1.85
<u>Coincident Demand</u>						
			270,874 **	451,080 **	10/27/2010	1.67
<u>Large Industrial</u>						
999-997-840	HBG	OMNI	236,255	332,930	9/2/2010	1.41
999-606-889	BLOOM	100W	250,512	501,000	2/11/2011	2.00
<u>Non-Coincident Demand</u>						
			486,767	833,930		1.71
<u>Coincident Demand</u>						
			486,767	792,630	2/11/2011	1.63

\* Average day is based on billed consumption for the twelve months of 2010.

\*\* Account # 999-998-676 is not included because it does not have any recorded data on this date (10/27/10).

UNITED WATER PENNSYLVANIA INC.  
 SUMMARY OF MAXIMUM HOUR RATIOS  
 DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
 INDUSTRIAL AND LARGE INDUSTRIAL CUSTOMERS

Account Number (1)	System (2)	Recorder Type (3)	Average		Maximum Hour Usage		Max Hour Ratio (8)
			Hour, Gallons (4)	Gallons (5)	Date (6)	Hour (7)	
<u>Industrial</u>							
999-998-346	HBG	100W	54	1,000	8/30/10	4:00 AM	18.56
999-998-676	HBG	100W	206	2,000	2/17/2011	1:00 AM	9.70
999-595-922	BLOOM	100W	5,103	30,000	9/23/2010	12:00 AM	5.88
99-595-900	BLOOM	100W	2,565	10,000	3/10/2011	2:00 PM	3.90
999-595-867	BLOOM	100W	40	370	3/1/2011	3:00 PM	9.26
999-586-605	BLOOM	100W	735	3,400	2/28/2011	6:00 AM	4.63
999-539-767	MECH	100W	2,789	9,000	10/30/2010	6:00 AM	3.23
Non-Coincident Demand			11,493	55,770			4.85
<u>Large Industrial</u>							
999-997-840	HBG	OMNI	9,844	26,140	12/8/2010	4:00 AM	2.66
999-606-889	BLOOM	100W	10,438	32,000	8/30/2010	3:00 PM	3.07
Non-Coincident Demand			20,282	58,140			2.87

Public – Maximum Day. The maximum day data for public customers is shown in Schedule 11. The calculation of non-coincident and coincident maximum day ratios are performed in a manner similar to that for the industrial class. The calculated non-coincident maximum day ratio for the sampled public customers is 2.00. The calculated coincident maximum day ratio for the sampled public customers is 1.48. Based on these results, the maximum day ratio for the public customer class is estimated at 1.6.

Public – Maximum Hour. The maximum hour data for the public customer class are presented in Schedule 12. The selection of maximum hour ratios is based exclusively on the non-coincident analysis because maximum hour facilities are those which are required to meet peak demands at a certain location or local distribution system. The non-coincident maximum hour ratio for the sampled public customers is 4.04. Based on this result, the non-coincident hourly demand ratio for the public customer class is estimated at 4.0.

## UNITED WATER PENNSYLVANIA INC.

SUMMARY OF NON-COINCIDENT AND COINCIDENT MAXIMUM DAY RATIOS  
DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011

## PUBLIC CUSTOMERS

Account Number (1)	Type (2)	System (3)	Recorder Type (4)	Average Day, Gallons* (5)	Usage (6)	Maximum Day Date (7)	Ratio (8)
999-997-400	School	HBG	100W	4,624	14,000	1/19/2011	3.03
999-770-173	School	HBG	100W	2,762	4,500	8/31/2010	1.63
999-998-203	Prison	HBG	100W	95,838	136,000	8/26/2010	1.42
999-998-181	Prison	HBG	100W	24,759	50,000	8/26/2010	2.02
999-998-247	Detention Center & Offices	HBG	OMNI	5,452	6,148	8/7/2010	1.13
998-513-269	College	HBG	OMNI	2,865	6,592	11/11/2010	2.30
999-618-769	Prison	BLOOM	100W	13,025	18,500	1/25/2011	1.42
999-525-720	WW Treatment Plant	MECH	100W	1,861	8,200	3/16/2011	4.41
999-478-134	WW Treatment Plant	MECH	100W	77	470	2/16/2011	6.13
999-478-332	College	MECH	100W	16,816	92,500	12/7/2010	5.50
Non-Coincident Demand				168,078	336,910		2.00
Coincident Demand				163,378 **	242,297 **	9/24/2010	1.48

\* Average day based on billed consumption for the 12 months of 2010 with the following exception: Mechanicsburg Disposal Plant uses billed consumption from May 2010 through Feb 2011.

\*\* Excludes customers # 999-997-400 and 999-478-134 because they have no recorded data on this date (9/24/2010).

UNITED WATER PENNSYLVANIA INC.  
 SUMMARY OF MAXIMUM HOUR RATIOS  
 DURING THE PERIOD AUGUST 2010 THROUGH MARCH 2011  
 PUBLIC CUSTOMERS

Account Number (1)	Type (2)	System (3)	Recorder Type (4)	Average Hour, Gallons (5)	Maximum Hour Usage		Max Hour Ratio (9)
					Gallons (6)	Hour (8)	
999-997-400	School	HBG	100W	193	1,500	12/3/10 1:00 PM	7.79
999-770-173	School	HBG	100W	115	600	1/20/11 1:00 PM	5.21
999-998-203	Prison	HBG	100W	3,993	8,000	8/26/10 12:00 PM	2.00
999-998-181	Prison	HBG	100W	1,032	5,000	8/26/10 1:00 AM	4.85
999-998-247	Detention Center & Offices	HBG	OMNI	227	884	8/3/10 6:00 PM	3.89
998-513-269	College	HBG	OMNI	119	1,247	8/4/10 7:00 AM	10.45
999-618-769	Prison	BLOOM	100W	543	2,800	12/31/10 7:00 PM	5.16
999-525-720	WW Treatment Plant	MECH	100W	78	400	3/16/11 11:00 PM	5.16
999-478-134	WW Treatment Plant	MECH	100W	3	360	2/16/11 12:00 AM	112.63
999-478-332	College	MECH	100W	701	7,500	9/24/10 5:00 PM	10.70
Non-Coincident Demand				7,003	28,291		4.04

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - d. Explain thoroughly the methodology employed if the company distinguishes between transmission and distribution or collection mains in its allocation of costs.

RESPONSE

For cost allocation purposes, mains that are 12-inch and larger are considered to be transmission mains and are allocated using Factor 3, which is based on average and maximum day extra capacity demands plus the daily requirement for fire demand. Mains sized under 12-inch are considered distribution mains and are allocated using Factor 4, which is based on average and maximum hour extra capacity demands plus the hourly requirement for fire demands.



VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - e. Provide a detailed explanation of how storage is utilized to meet base, maximum day and maximum hour demands.

RESPONSE

In any water system, distribution storage is generally used to meet base load, maximum day, and peak hour demands. Generally, peak hour demands control the design of distribution storage facilities. However, meeting peak hour implies that there is some contribution to meeting maximum day demands. Further, base load demands can also be met through distribution storage, particularly in emergency situations.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - f. Provide workpapers, calculations and supporting documentation which develop the equivalent meters and equivalent service line weights reflected in the company's cost of service study.

RESPONSE

The 5/8-inch dollar equivalent was developed using actual installation costs by meter size, provided by the Company, as follows:

<u>Meter Size</u>	<u>Actual Installation Cost</u>	<u>5/8-Inch Dollar Equivalent</u>
5/8"	\$ 432.57	1.0
1"	464.04	1.2
1-1/2"	522.97	1.9
2"	815.41	2.1
3"	893.04	5.2
4"	2,239.94	7.3
6"	3,176.00	11.2
8"	4,830.59	32.8

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1f. cont.

The 3/4-inch dollar equivalent for 3/4” to 2” services was developed using the actual installation costs by size, provided by the Company. Greater than 2” service size ratios were developed from Gannett Fleming estimates.

<u>Service Size</u>	<u>Actual Installation Cost</u>	<u>1-Inch Equivalent</u>
3/4"	\$3,800.00	1.00
1"	4,000.00	1.05
2"	7,700.00	2.03

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

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  - g. Provide all workpapers and supporting documentation for the fire flow requirement and duration utilized in the cost of service study.

RESPONSE

The source for the estimated fire protection demand of 10,000 gpm is published fire flow criteria for the population served.

General fire-fighting requirements, based on population established by the National Board of Fire Underwriters, are as follows:

- a) For populations of 200,000 or less,  $Q = 1020 \sqrt{P} (1 - 0.01\sqrt{P})$  where Q is the fire draft in gpm and P is the population in thousands.
- b) For populations in excess of 200,000, Q = 12,000 gpm plus 2,000 to 8,000 gpm for a potential second fire.

Inasmuch as the Company serves a population of approximately 140,000, the fire flow of 10,000 gpm would apply.

The foregoing requirements were published in Volume I, "Water and Wastewater Engineering," by Fair, Geyer & Okon, published in 1966 by John Wiley & Sons, Inc.

The required fire flow duration is ten hours.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - h. Provide a breakdown of the number and size of private fire services according to the general water service class of customer.

RESPONSE

Please refer to Exhibit No. CEH-1.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - i. Provide a calculation of the company’s base cost of water or wastewater per unit of consumption or usage.

RESPONSE

Base Cost of Water (See attached functional allocation)	\$37,403,586
Pro forma Water Consumption (1000 gallons)	4,753,194
Base cost per 1000 gallons	\$7.869

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
<b>OPERATION AND MAINTENANCE EXPENSES</b>								
<b>SOURCE OF SUPPLY EXPENSES</b>								
2	Employee Salaries	124,044	37,459	0	0	0	0	819
1	Purchased Water	1,836,244	0	0	0	0	0	12,061
1	Purchased Power	1,322,597	0	0	0	0	0	8,678
1	Fuel for Power Production	243	0	0	0	0	0	2
2	Material and Supplies	33,704	7,778	0	0	0	0	170
2	Outside Services	114,533	26,431	0	0	0	0	578
2	Transportation Expense	16,719	3,858	0	0	0	0	84
2	Miscellaneous Other	0	0	0	0	0	0	0
2	Office Expenses and Utilities	103,311	31,198	0	0	0	0	682
	<b>TOTAL SOURCE OF SUPPLY EXPENSE - OPERATION</b>	<b>3,493,756</b>	<b>106,724</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,075</b>
2	Employee Salaries	849	256	0	0	0	0	6
1	Fuel for Power Production	0	0	0	0	0	0	0
2	Material and Supplies	0	0	0	0	0	0	0
2	Outside Services	33,039	9,977	0	0	0	0	0
2	Uniforms	0	0	0	0	0	0	218
2	Transportation Expense	0	0	0	0	0	0	0
2	Miscellaneous Other	70	21	0	0	0	0	0
2	Office Expenses and Utilities	0	0	0	0	0	0	0
	<b>TOTAL SOURCE OF SUPPLY EXPENSE - MAINTENANCE</b>	<b>33,958</b>	<b>10,255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>224</b>
	<b>TOTAL \$S EXPENSE</b>	<b>3,667,992</b>	<b>116,979</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,300</b>
<b>POWER AND PUMPING</b>								
3	Employee Salaries	42,502	12,835	0	0	0	0	15,110
3	Outside Services	1,413	427	0	0	0	0	502
3	Transportation Expense	4,310	1,301	0	0	0	0	1,532
3	Miscellaneous Other	0	0	0	0	0	0	0
3	Office Expenses and Utilities	(300)	(55)	0	0	0	0	(64)
	<b>TOTAL POWER AND PUMPING - OPERATION</b>	<b>48,044</b>	<b>14,509</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,080</b>
3	Employee Salaries	374,046	68,151	0	0	0	0	80,227
3	Fuel for Power Production	6	1	0	0	0	0	1
3	Material and Supplies	1,064	194	0	0	0	0	228
3	Outside Services	52,167	9,505	0	0	0	0	11,169
3	Office Expenses and Utilities	1,103	201	0	0	0	0	237
3	Transportation Expense	39,052	7,115	0	0	0	0	8,376
3	Miscellaneous Other	0	0	0	0	0	0	0
	<b>TOTAL POWER AND PUMPING EXPENSE - MAINTENANCE</b>	<b>282,012</b>	<b>85,167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,258</b>
	<b>TOTAL POWER AND PUMPING</b>	<b>330,055</b>	<b>99,676</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,338</b>
<b>WATER TREATMENT</b>								
2	Employee Salaries	1,708,755	516,012	0	0	0	0	11,286
1	Purchased Power	(748)	0	0	0	0	0	(5)
1	Chemicals	1,335,736	0	0	0	0	0	8,822
2	Material and Supplies	18,531	5,596	0	0	0	0	122
2	Testing	1	0	0	0	0	0	0
2	Outside Services	417,199	96,277	0	0	0	0	2,106
2	Transportation Expense	225,698	172,474	0	0	0	0	1,139
2	Miscellaneous Other	30,127	6,952	0	0	0	0	152
	<b>TOTAL WATER TREATMENT EXPENSE - OPERATION</b>	<b>3,576,588</b>	<b>676,922</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,622</b>
2	Employee Salaries	273,325	63,075	0	0	0	0	1,380
1	Fuel for Power Production	0	0	0	0	0	0	0
1	Chemicals	0	0	0	0	0	0	0
2	Material and Supplies	25,955	5,990	0	0	0	0	131
2	Outside Services	82,437	19,024	0	0	0	0	416
2	Outside Services - Mahoning	0	0	0	0	0	0	0
2	Rental of Equipment	0	0	0	0	0	0	0
2	Transportation Expense	27,784	6,412	0	0	0	0	140
	<b>TOTAL WT EXPENSE - MAINTENANCE</b>	<b>312,934</b>	<b>94,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,067</b>

VEOLIA WATER PENNSYLVANIA INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
<b>TOTAL WT EXPENSE</b>	4,686,633	3,889,522	771,422	0	0	0	0	25,689
<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>								
Employee Salaries - General	154,319	111,475	2,044	10,905	7,413	4,202	0	18,281
Employee Salaries - Mains	661,480	285,255	28,721	153,153	0	0	0	194,351
Employee Salaries - Meters	108,721	0	0	0	108,721	0	0	0
Employee Salaries - Services	64,414	0	0	0	0	62,189	0	2,225
Employee Salaries - Hydrants	54,541	0	0	0	0	0	0	54,541
Employee Salaries - Storage	167	70	0	56	0	0	0	42
Purchased Power	1,484,940	1,475,197	62	332	226	128	0	9,743
Material and Supplies	4,697	3,393	1,548	8,259	5,614	3,182	0	556
Outside Services - General	116,876	84,427	1,441	7,684	0	0	0	13,845
Outside Services - Mains	33,187	14,312	0	0	0	0	0	9,751
Rentals of Building/Real Property	0	0	0	0	0	0	0	0
Transportation Expense - General	16,069	11,608	213	1,135	772	438	0	1,904
Transportation Expense - Mains	67,112	28,941	2,914	15,539	0	0	0	19,718
Transportation Expense - Meters	11,223	0	0	0	11,223	0	0	0
Transportation Expense - Services	6,006	0	0	0	0	5,799	0	207
Transportation Expense - Hydrants	5,214	0	0	17	0	0	0	5,214
Transportation Expense - Storage	51	21	0	0	0	0	0	13
Miscellaneous Other	0	0	0	0	0	0	0	0
Office Expense, Utilities and Other	3,136	2,265	42	222	151	85	0	371
<b>TOTAL T &amp; D EXPENSE OPERATION</b>	<b>2,792,151</b>	<b>2,016,963</b>	<b>36,985</b>	<b>197,301</b>	<b>134,118</b>	<b>76,022</b>	<b>0</b>	<b>330,763</b>
Employee Salaries - General	135,441	43,393	1,663	30,512	0	31,302	0	28,572
Employee Salaries - Mains	580,560	186,001	7,127	130,787	0	134,174	0	122,471
Employee Salaries - Meters	95,421	39,687	0	31,960	0	0	0	23,774
Employee Salaries - Services	56,534	24,379	2,455	13,089	0	0	0	16,610
Employee Salaries - Hydrants	47,869	0	0	0	0	46,215	0	1,653
Employee Salaries - Storage	147	0	0	0	0	0	0	147
Fuel for Power Production	0	0	0	0	0	0	0	0
Material and Supplies	11,705	3,750	144	2,637	0	2,705	0	2,469
Outside Services - General	77,387	24,793	950	17,434	0	17,885	0	16,325
Outside Services - Mains	21,974	9,476	954	5,088	0	0	0	6,456
Transportation Expense - General	14,513	4,650	178	3,270	0	3,354	0	3,062
Transportation Expense - Mains	60,615	26,140	2,632	14,034	0	0	0	17,809
Transportation Expense - Meters	10,136	0	0	0	10,136	0	0	0
Transportation Expense - Services	5,425	0	0	0	0	5,237	0	187
Transportation Expense - Hydrants	4,709	0	0	0	0	0	0	4,709
Transportation Expense - Storage	46	19	0	15	0	0	0	11
Office Expense and Utilities	193	62	2	43	0	45	0	41
<b>TOTAL T &amp; D EXPENSE - MAINTENANCE</b>	<b>1,122,676</b>	<b>362,350</b>	<b>16,104</b>	<b>248,869</b>	<b>10,136</b>	<b>240,918</b>	<b>0</b>	<b>244,298</b>
<b>TOTAL T &amp; D EXPENSE</b>	<b>3,914,828</b>	<b>2,379,313</b>	<b>53,089</b>	<b>446,170</b>	<b>144,254</b>	<b>316,940</b>	<b>0</b>	<b>575,061</b>
<b>CUSTOMER ACCOUNTS</b>								
Employee Salaries - Supervision	1,015,050	0	0	0	0	0	992,485	22,565
Employee Salaries - Meter Reading	0	0	0	0	0	0	0	0
Employee Salaries - Billing	0	0	0	0	0	0	0	0
Outside Services	543,814	0	0	0	0	0	531,725	12,089
Transportation Expense	101,328	0	0	0	0	0	99,075	2,253
Bad Debt Expense	394,341	0	0	0	0	0	385,575	8,766
Office Expense, Utilities and Other	7,217	0	0	0	0	0	7,056	160
Customer Assistance Program	1,000,000	0	0	0	0	0	1,000,000	0
<b>TOTAL CUSTOMER ACCOUNTING EXPENSE</b>	<b>3,061,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,015,916</b>	<b>45,834</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>								
Employee Salaries	1,326,561	811,626	201,854	87,723	28,362	62,315	0	134,681
Employee Pension & Benefits	1,803,177	1,027,948	283,352	40,507	11,221	30,682	311,311	98,155
Purchased Power	81,664	49,964	12,426	5,400	1,746	3,836	0	8,291
Management Fees - Engineering	399,322	185,714	42,994	32,180	21,733	49,302	128	67,270



VEOLIA WATER PENNSYLVANIA INC.  
 COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
12 Management Fees- Customer Related	310,782	0	0	0	0	0	303,873	6,909
16 Management Fees- Employee related	276,030	157,358	43,376	6,201	1,718	4,697	47,655	15,026
14 Management Fees- Other	3,625,202	2,217,996	551,624	239,728	77,508	170,292	0	368,054
14 Outside Services	294,821	180,379	44,861	19,496	6,303	13,849	0	29,932
2 Rental of Equipment - Testing	212,334	162,262	49,000	0	0	0	0	1,072
14 Rental of Equipment	124,900	76,417	19,005	8,259	2,670	5,867	0	12,681
14 Transportation Expense	129,409	79,176	19,681	8,558	2,767	6,079	0	13,138
14 Insurance - General Liability	0	0	0	0	0	0	0	0
14 Insurance - Workman's Compensation	48,098	29,428	7,319	3,181	1,028	2,259	0	4,883
14 Advertising	0	0	0	0	0	0	0	0
18 Rate Case Expense - Amort	685,194	318,666	73,773	55,218	37,292	84,598	219	115,428
18 Regulatory Commission Expense	(705,529)	(328,123)	(75,962)	(56,857)	(38,399)	(87,108)	(226)	(118,853)
16 Fringe Benefits	(1,039,548)	(592,621)	(163,355)	(23,353)	(6,469)	(17,689)	(179,474)	(56,587)
Miscellaneous Other - Transfer Fringe Benefits	0	0	0	0	0	0	0	0
14 Office Expenses and Utilities	685,002	419,103	104,232	45,298	14,646	32,178	0	69,546
14 Uniforms, Materials and Supplies and Other	306,060	187,256	46,571	20,239	6,544	14,377	0	31,073
14 Postage	383,875	234,865	58,412	25,385	8,207	18,032	0	38,973
14 Travel	164,161	100,438	24,979	10,856	3,510	7,711	0	16,667
<b>TOTAL A &amp; G EXPENSE</b>	<b>9,111,514</b>	<b>5,317,851</b>	<b>1,344,153</b>	<b>528,019</b>	<b>180,388</b>	<b>401,278</b>	<b>483,487</b>	<b>856,338</b>
<b>Total Operation &amp; Maintenance Expenses</b>	<b>24,989,786</b>	<b>15,444,456</b>	<b>2,385,319</b>	<b>974,189</b>	<b>324,643</b>	<b>718,218</b>	<b>3,499,403</b>	<b>1,643,559</b>
<b>DEPRECIATION EXPENSE</b>								
2 Water Source Structures	208,978	159,697	48,226	0	0	0	0	1,055
1 Collection and Impounding Reservoirs	20,589	20,453	0	0	0	0	0	135
1 Lakes, River and Other Intakes	91,532	69,948	21,123	0	0	0	0	462
2 Wells & Springs	53,774	41,093	12,409	0	0	0	0	271
2 Infiltration Galleries and Tunnels	116,792	89,250	26,952	0	0	0	0	589
2 Purification Buildings	0	0	0	0	0	0	0	0
3 Power Generation Equip	5,354	3,230	975	0	0	0	0	1,148
3 Electric Pumping Equipment	476,088	287,231	86,743	0	0	0	0	102,114
3 Oil Engine Pumping Equipment	10,652	6,427	1,941	0	0	0	0	2,285
2 Purification System - Treatment Structures	473,738	362,023	109,324	0	0	0	0	2,391
2 Purification System - Painting	0	0	0	0	0	0	0	0
2 Purification System - Chemical Treatment	1,528,785	1,168,273	352,797	0	0	0	0	7,716
2 Laboratory Equipment	3,895	2,977	899	0	0	0	0	20
6 T&D Structures and Improvements	45,085	19,447	1,958	10,441	0	0	0	13,249
5 Distribution Reservoirs and Standpipes	442,276	183,951	0	148,133	0	0	0	110,192
4 Distribution Mains	1,224,538	462,139	0	372,223	0	0	0	390,176
3 Transmission Mains	1,411,236	851,420	257,127	0	0	0	0	302,689
9 Services	1,080,433	0	0	0	0	1,043,115	0	37,318
8 Meters	1,606,360	0	0	0	1,606,360	0	0	0
7 Hydrants	178,660	0	0	0	0	0	0	178,660
14 General Land and Land Rights	0	0	0	0	0	0	0	0
14 Office Buildings	398,941	244,083	60,704	26,381	8,529	18,740	0	40,503
14 Stores, Shop and Garage Buildings	0	0	0	0	0	0	0	0
14 Miscellaneous Structures and Improvements	0	0	0	0	0	0	0	0
14 Other Plant and Miscellaneous Equipment	0	0	0	0	0	0	0	0
14 Office Furniture and Equipment	160,801	98,383	24,468	10,633	3,438	7,554	0	16,326
14 Computer Software	0	0	0	0	0	0	0	0
12 Computer Software-CIS Implementation	0	0	0	0	0	0	0	0
14 Transportation Equipment	0	0	0	0	0	0	0	0
14 Stores Equipment	0	0	0	0	0	0	0	0
14 Tools and work Equipment	218,757	133,841	33,287	14,466	4,677	10,276	0	22,210
14 Shop Equipment	33,254	20,346	5,060	2,199	711	1,562	0	3,376
14 Power Operated Equipment	0	0	0	0	0	0	0	0
14 Communication Equipment	863,381	528,240	131,375	57,094	18,459	40,557	0	87,656
14 Amortization of Net Salvage	106,507	65,164	16,206	7,043	5,003	5,003	0	10,813
17 Bethel Adjustment	612,742	284,331	65,862	49,478	33,502	76,005	0	103,564
<b>Total Depreciation Expense</b>	<b>11,373,158</b>	<b>5,101,945</b>	<b>1,257,437</b>	<b>698,091</b>	<b>1,677,955</b>	<b>1,202,813</b>	<b>0</b>	<b>1,434,917</b>

VEOLIA WATER PENNSYLVANIA INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
Amortizations	18	116,498	12,543	9,388	6,341	14,383	37	19,625
<b>Taxes Other Than Income</b>								
Real Estate	18	343,022	36,932	27,643	18,669	42,351	110	57,785
Payroll Taxes	16	918,219	144,289	20,627	5,714	15,624	158,527	49,983
<b>Total Taxes, Other Than Income</b>		<u>1,261,241</u>	<u>181,222</u>	<u>48,270</u>	<u>24,384</u>	<u>57,975</u>	<u>158,636</u>	<u>107,768</u>
<b>Income Taxes</b>	18	7,215,569	776,882	581,485	392,715	890,871	2,307	1,215,533
<b>Utility Income Available for Return</b>	18	27,806,250	2,993,827	2,240,839	1,513,384	3,433,101	8,892	4,684,233
<b>Total Cost of Service</b>		<u>72,762,502</u>	<u>7,607,228</u>	<u>4,552,263</u>	<u>3,939,421</u>	<u>6,317,362</u>	<u>3,669,276</u>	<u>9,105,635</u>
<b>Less: Other Water Revenues</b>	19	325,208	33,807	20,493	17,740	28,433	16,546	40,458
<b>Total Cost of Service Related to Sales of Water</b>		<u>72,437,294</u>	<u>7,573,421</u>	<u>4,531,771</u>	<u>3,921,680</u>	<u>6,288,929</u>	<u>3,652,730</u>	<u>9,065,177</u>
Reallocation of Public Fire	20	0	0	0	4,466,855	0	0	(4,466,855)
<b>Total</b>		<u>\$ 72,437,294</u>	<u>\$ 7,573,421</u>	<u>\$ 4,531,771</u>	<u>\$ 8,388,535</u>	<u>\$ 6,288,929</u>	<u>\$ 3,652,730</u>	<u>\$ 4,598,322</u>

VEOLIA WATER PENNSYLVANIA INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
17								
17	10,775,084	4,844,539	1,191,828	669,620	1,618,931	1,110,349	0	1,339,817
<b>Total Depreciation Expense</b>								
18	66,668	30,987	7,135	5,474	3,608	8,179	16	11,268
18	0	0	0	0	0	0	0	0
18	343,022	159,437	36,712	28,163	18,566	42,084	81	57,979
16	918,219	523,455	144,289	20,627	5,714	15,624	158,526	49,983
<b>Taxes Other Than Income</b>								
Real Estate								
Payroll Taxes								
<b>Total Taxes, Other Than Income</b>	1,261,241	682,892	181,001	48,790	24,281	57,708	158,608	107,962

VEOLIA WATER PENNSYLVANIA INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO COST FUNCTIONS

Account	Cost of Service	Base	Max Day	Max Hour	Meters	Services	Billing & Collecting	Fire Service
Income Taxes	18 7,278,878	3,383,233	779,015	597,609	393,975	893,020	1,724	1,230,302
Utility Income Available for Return	18 28,027,335	13,027,145	2,999,598	2,301,096	1,517,003	3,438,576	6,637	4,737,280
Total Cost of Service	70,972,510	37,181,717	7,486,102	4,571,870	3,872,880	6,204,747	2,627,120	9,028,075
Less: Other Water Revenues	19 325,208	170,182	34,108	21,109	17,884	28,646	12,138	41,140
Total Cost of Service Related to Sales of Water	<u>70,647,302</u>	<u>37,011,535</u>	<u>7,451,994</u>	<u>4,550,761</u>	<u>3,854,995</u>	<u>6,176,101</u>	<u>2,614,982</u>	<u>8,986,934</u>
Reallocation of Public Fire	20 0	0	0	0	4,481,589	0	0	(4,481,589)
Total	<u>\$ 70,647,302</u>	<u>\$ 37,011,535</u>	<u>\$ 7,451,994</u>	<u>\$ 4,550,761</u>	<u>\$ 8,336,584</u>	<u>\$ 6,176,101</u>	<u>\$ 2,614,982</u>	<u>\$ 4,505,346</u>

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
  - j. Provide a detailed cost analysis that supports the company's customer charges, by meter size, showing all direct and indirect costs included.

RESPONSE

Please refer to Schedule H of Exhibit No. CEH-1.

VEOLIA WATER PENNSYLVANIA INC.  
VEOLIA AND BETHEL WATER OPERATIONS

*RESPONSES TO RATE STRUCTURE AND COST OF SERVICE  
FILING REQUIREMENTS*

2. Provide a listing of negotiated special rate contracts which includes a comparison of revenues under special rate contracts and under tariff rates. Provide the cost of service treatment of any deficiency in revenues resulting from the negotiated special rate contracts. Special rates are defined as rates not contained in the currently effective tariff.

RESPONSE

Veolia Water Pennsylvania does not have any special rate contracts.

**VEOLIA WATER PENNSYLVANIA INC.**  
HARRISBURG, PENNSYLVANIA

**COST OF SERVICE  
ALLOCATION STUDY  
MAHONING  
WATER OPERATIONS  
FOR THE TEST YEAR ENDED  
OCTOBER 31, 2025**



**GANNETT FLEMING**

**Excellence Delivered As Promised**

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEAR ENDED OCTOBER 31, 2025

Customer Classification (1)	Cost of Service		Revenues, Present Rates*		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 828,028	55.7%	\$ 405,710	64.0%	\$ 770,427	61.6%	\$ 364,717	89.9%
Commercial	582,026	39.1%	178,989	28.2%	424,611	34.0%	245,622	137.2%
Private Fire Service	8,825	0.6%	2,441	0.4%	3,594	0.3%	1,154	47.3%
Public Fire Service	68,238	4.6%	46,804	7.4%	51,484	4.1%	4,680	10.0%
Total Sales	1,487,117	100.0%	633,944	100.0%	1,250,116	100.0%	616,172	97.2%
Other Revenues Revenue from Veolia Water	6,894		6,894		6,894		-	0.0%
Total	\$ 1,494,011		\$ 640,838		\$ 1,494,010		\$ 853,172	133.1%

\* Includes DSIC Revenue.



VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)		Commercial (5)		Fire Protection (6)		Public (7)
							Private		
<b>OPERATION AND MAINTENANCE EXPENSES</b>									
<b>SOURCE OF SUPPLY EXPENSES</b>									
Employee Salaries	2	89	51	37	0	0	0	0	0
Purchased Water	1	157,785	90,991	65,785	373	662	0	0	662
Purchased Power	1	46,835	27,009	19,519	111	197	0	0	197
Fuel for Power Production	1	0	0	0	0	0	0	0	0
Material and Supplies	2	511	295	214	1	2	1	2	0
Outside Services	2	0	0	0	0	0	0	0	0
Transportation Expense	2	8	5	3	0	0	0	0	0
Miscellaneous Other	2	0	0	0	0	0	0	0	0
Office Expenses and Utilities	2	2,000	1,154	836	4	6	0	0	0
<b>TOTAL SOURCE OF SUPPLY EXPENSE - OPERATION</b>	<b>2</b>	<b>207,229</b>	<b>119,505</b>	<b>86,368</b>	<b>489</b>	<b>867</b>	<b>0</b>	<b>0</b>	<b>867</b>
Employee Salaries	2	1	0	0	0	0	0	0	0
Fuel for Power Production	1	0	0	0	0	0	0	0	0
Material and Supplies	2	0	0	0	0	0	0	0	0
Outside Services	2	0	0	0	0	0	0	0	0
Uniforms	2	0	0	0	0	0	0	0	0
Transportation Expense	2	0	0	0	0	0	0	0	0
Miscellaneous Other	2	0	0	0	0	0	0	0	0
<b>TOTAL SOURCE OF SUPPLY EXPENSE - MAINTENANCE</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL SOURCE OF SUPPLY EXPENSE</b>		<b>207,229</b>	<b>119,505</b>	<b>86,368</b>	<b>489</b>	<b>867</b>	<b>0</b>	<b>0</b>	<b>867</b>
<b>POWER AND PUMPING</b>									
Employee Salaries	3	39	18	13	0	0	0	0	8
Outside Services	3	0	0	0	0	0	0	0	0
Transportation Expense	3	4	2	1	0	1	0	0	1
Miscellaneous Other	3	0	0	0	0	0	0	0	0
Office Expenses and Utilities	3	(4)	(2)	(1)	(0)	(1)	(0)	(0)	(1)
<b>TOTAL POWER AND PUMPING - OPERATION</b>	<b>3</b>	<b>38</b>	<b>17</b>	<b>12</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>
Employee Salaries	3	206	94	68	1	43	1	43	0
Fuel for Power Production	3	0	0	0	0	0	0	0	0
Material and Supplies	3	16	7	5	0	3	0	3	0
Outside Services	3	0	0	0	0	0	0	0	0
Office Expenses and Utilities	3	16	7	5	0	3	0	3	0
Transportation Expense	3	19	9	6	0	4	0	4	0
Miscellaneous Other	3	0	0	0	0	0	0	0	0
<b>TOTAL POWER AND PUMPING EXPENSE - MAINTENANCE</b>	<b>3</b>	<b>257</b>	<b>117</b>	<b>85</b>	<b>2</b>	<b>53</b>	<b>2</b>	<b>53</b>	<b>0</b>
<b>TOTAL POWER AND PUMPING</b>		<b>295</b>	<b>134</b>	<b>97</b>	<b>2</b>	<b>61</b>	<b>2</b>	<b>61</b>	<b>0</b>
<b>WATER TREATMENT</b>									
Employee Salaries	2	1,229	709	514	2	4	2	4	0
Purchased Power	1	(27)	(15)	(11)	(0)	(0)	(0)	(0)	(0)
Chemicals	1	10,178	5,869	4,242	24	43	24	43	0
Material and Supplies	2	368	212	154	1	1	1	1	0
Testing	2	1	1	0	0	0	0	0	0
Outside Services	2	0	0	0	0	0	0	0	0
Transportation Expense	2	112	65	47	0	0	0	0	0

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account	Factor Ref.	Cost of Service	Residential		Commercial	Fire Protection	
			(4)	(5)		Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Office Expense and Utilities	2	446	257	186	1	1	
<b>TOTAL WATER TREATMENT EXPENSE - OPERATION</b>		<b>12,306</b>	<b>7,097</b>	<b>5,132</b>	<b>28</b>	<b>50</b>	
Employee Salaries	2	150	87	63	0	0	
Fuel for Power Production	1	0	0	0	0	0	
Chemicals	1	0	0	0	0	0	
Material and Supplies	2	394	227	165	1	1	
Outside Services	2	0	0	0	0	0	
Outside Services - Mahoning	2	0	0	0	0	0	
Rental of Equipment	2	0	0	0	0	0	
Transportation Expense	2	14	8	0	0	0	
<b>TOTAL WATER TREATMENT EXPENSE - MAINTENANCE</b>		<b>558</b>	<b>322</b>	<b>233</b>	<b>1</b>	<b>2</b>	
<b>TOTAL WATER TREATMENT EXPENSE</b>		<b>12,864</b>	<b>7,419</b>	<b>5,365</b>	<b>29</b>	<b>51</b>	
<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>							
Employee Salaries - General	10	85	49	35	0	1	
Employee Salaries - Mains	6	363	132	126	3	103	
Employee Salaries - Meters	8	60	50	10	0	0	
Employee Salaries - Services	9	35	31	4	0	0	
Employee Salaries - Hydrants	7	30	0	0	0	30	
Employee Salaries - Storage	5	0	0	0	0	0	
Purchased Power	1	52,584	30,324	21,915	124	221	
Material and Supplies	10	71	41	30	0	0	
Outside Services - General	10	0	0	0	0	0	
Outside Services - Mains	6	0	0	0	0	0	
Rentals of Building/Real Property	10	0	0	0	0	0	
Transportation Expense - General	10	8	5	3	0	0	
Transportation Expense - Mains	6	33	12	12	0	9	
Transportation Expense - Meters	8	6	5	1	0	0	
Transportation Expense - Services	9	3	3	0	0	0	
Transportation Expense - Hydrants	7	3	0	0	0	3	
Transportation Expense - Storage	5	0	0	0	0	0	
Miscellaneous Other	10	0	0	0	0	0	
Office Expense, Utilities and Other	10	46	27	19	0	0	
<b>TOTAL T &amp; D EXPENSE OPERATION</b>		<b>53,327</b>	<b>30,677</b>	<b>22,154</b>	<b>128</b>	<b>367</b>	
Employee Salaries - General	11	74	36	23	0	15	
Employee Salaries - Mains	11	319	156	99	2	63	
Employee Salaries - Meters	5	52	19	20	0	13	
Employee Salaries - Services	6	31	11	11	0	9	
Employee Salaries - Hydrants	9	26	23	3	0	0	
Employee Salaries - Storage	7	0	0	0	0	0	
Fuel for Power Production	1	0	0	0	0	0	
Material and Supplies	11	178	87	55	1	35	
Outside Services - General	11	0	0	0	0	0	

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account	Factor Ref.	Cost of Service	Fire Protection		
			Residential (4)	Commercial (5)	Public (7)
Outside Services - Mains	6	0	0	0	0
Transportation Expense - General	11	7	4	2	1
Transportation Expense - Mains	6	30	11	10	9
Transportation Expense - Meters	8	5	4	1	0
Transportation Expense - Services	9	3	2	0	0
Transportation Expense - Hydrants	7	2	0	0	2
Transportation Expense - Storage	5	0	0	0	0
Office Expense and Utilities	11	3	1	1	1
<b>TOTAL T &amp; D EXPENSE - MAINTENANCE</b>		<b>731</b>	<b>354</b>	<b>226</b>	<b>147</b>
<b>TOTAL T &amp; D EXPENSE</b>		<b>54,058</b>	<b>31,032</b>	<b>22,380</b>	<b>514</b>
<b>CUSTOMER ACCOUNTS</b>					
Employee Salaries - Supervision	12	558	512	44	2
Employee Salaries - Meter Reading	13	0	0	0	0
Employee Salaries - Billing	12	0	0	0	0
Outside Services	12	0	0	0	0
Transportation Expense	12	50	46	4	0
Bad Debt Expense	12	5,767	5,291	451	19
Office Expense, Utilities and Other	12	107	98	8	0
<b>TOTAL CUSTOMER ACCOUNTING EXPENSE</b>		<b>6,482</b>	<b>5,947</b>	<b>507</b>	<b>22</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>					
Employee Salaries	14	729	402	287	2
Employee Pension & Benefits	16	1,190	738	408	3
Purchased Power	14	2,827	1,561	1,112	8
Management Fees- Engineering	18	5,961	2,291	2,133	44
Management Fees- Customer Related	12	4,639	4,257	363	16
Management Fees- Employee related	16	4,121	2,554	1,414	12
Management Fees- Other	14	54,118	29,882	21,297	148
Outside Services	14	0	0	0	0
Outside Services - Testing	2	0	0	0	0
Rental of Equipment	14	142	79	56	7
Transportation Expense	14	64	35	25	3
Insurance - General Liability	14	0	0	0	0
Insurance -Workman's Compensation	14	13	7	5	1
Advertising	14	6,676	3,686	2,627	18
Rate Case Expense - Amort	18	0	0	0	0
Regulatory Commission Expense	18	0	0	0	0
Fringe Benefits	16	0	0	0	0
Miscellaneous Other	16	0	0	0	0
Office Expenses and Utilities	14	10,134	5,596	3,988	28
Uniforms, Materials and Supplies and Other	14	4,641	2,563	1,826	13
Postage	14	37,471	20,690	14,746	102
Travel	14	894	494	352	2
<b>TOTAL A &amp; G EXPENSE</b>		<b>133,621</b>	<b>74,834</b>	<b>50,639</b>	<b>395</b>
<b>Total Operation &amp; Maintenance Expenses</b>		<b>414,550</b>	<b>238,871</b>	<b>165,358</b>	<b>1,069</b>
<b>Total A &amp; G Expense</b>		<b>133,621</b>	<b>74,834</b>	<b>50,639</b>	<b>395</b>
<b>Total Operation &amp; Maintenance Expenses</b>		<b>414,550</b>	<b>238,871</b>	<b>165,358</b>	<b>1,069</b>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)			Commercial (5)		Fire Protection (6)		Public (7)
							Private	Public		
<b>DEPRECIATION EXPENSE</b>										
Water Source Structures	2		0	0	0	0	0	0	0	0
Collection and Impounding Reservoirs	1		0	0	0	0	0	0	0	0
Lakes, River and Other Intakes	2		0	0	0	0	0	0	0	0
Wells & Springs	2		0	0	0	0	0	0	0	0
Infiltration Galleries and Tunnels	2		0	0	0	0	0	0	0	0
Purification Buildings	2		0	0	0	0	0	0	0	0
Power Generation Equip	3	11,012	5,015	3,635	76	2,286	76	2,286	2,286	0
Electric Pumping Equipment	3	41,656	18,970	13,752	286	8,649	286	8,649	8,649	0
Oil Engine Pumping Equipment	2		0	0	0	0	0	0	0	0
Purification System - Treatment Structures	2	2,933	1,692	1,227	5	9	5	9	9	0
Purification System - Painting	2		0	0	0	0	0	0	0	0
Purification Equipment	2	162	94	68	1	1	1	1	1	0
Laboratory Equipment	2		0	0	0	0	0	0	0	0
T&D Structures and Improvements	6	23,929	8,680	8,266	188	6,796	188	6,796	6,796	0
Distribution Reservoirs and Standpipes	5	72,335	26,430	27,884	531	17,491	531	17,491	17,491	0
Distribution Mains	4	29,873	9,970	10,461	244	9,199	244	9,199	9,199	0
Transmission Mains	3	17,755	8,086	5,861	122	3,686	122	3,686	3,686	0
Services	9	246	216	29	0	0	0	0	0	0
Meters	8	2,116	1,772	344	0	0	0	0	0	0
Hydrants	7	206	0	0	0	206	0	206	206	0
General Land and Land Rights	14		0	0	0	0	0	0	0	0
Office Buildings	14		0	0	0	0	0	0	0	0
Stores, Shop and Garage Buildings	14		0	0	0	0	0	0	0	0
Miscellaneous Structures and Improvements	14	1,421	785	559	4	73	4	73	73	0
Other Plant and Miscellaneous Equipment	14		0	0	0	0	0	0	0	0
Office Furniture and Equipment	14	559	309	220	2	29	2	29	29	0
Transportation Equipment	14		0	0	0	0	0	0	0	0
Stores Equipment	14		0	0	0	0	0	0	0	0
Tools and work Equipment	14		0	0	0	0	0	0	0	0
Shop Equipment	14		0	0	0	0	0	0	0	0
Power Operated Equipment	14	705	389	277	2	36	2	36	36	0
Communication Equipment	14	13,056	7,209	5,138	36	674	36	674	674	0
Miscellaneous Equipment	14		0	0	0	0	0	0	0	0
Adv/Ciac reconciling Items	17		0	0	0	0	0	0	0	0
	17		0	0	0	0	0	0	0	0
<b>Total Depreciation Expense</b>		<b>217,967</b>	<b>89,615</b>	<b>77,722</b>	<b>1,495</b>	<b>49,135</b>	<b>1,495</b>	<b>49,135</b>	<b>49,135</b>	<b>0</b>
Amortization of Acquisition Adjustment	18	231,412	88,944	82,794	1,693	57,981	1,693	57,981	57,981	0
Amortization of Regulatory Liability	18	(10,718)	(4,120)	(3,835)	(78)	(2,685)	(78)	(2,685)	(2,685)	0
<b>Taxes Other Than Income</b>										
Real Estate	18	7,001	2,691	2,505	51	1,754	51	1,754	1,754	0
Payroll Taxes	16	468	290	161	1	16	1	16	16	0
<b>Total Taxes, Other Than Income</b>		<b>7,469</b>	<b>2,981</b>	<b>2,666</b>	<b>53</b>	<b>1,770</b>	<b>53</b>	<b>1,770</b>	<b>1,770</b>	<b>0</b>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Fire Protection		
			Residential (4)	Commercial (5)	Public (7)
Income Taxes	18	129,888	49,923	46,471	32,544
Utility Income Available for Return	18	503,444	193,500	180,122	126,139
<b>Total Cost of Service</b>		1,494,011	659,713	551,298	274,136
Less: Other Water Revenues	19	6,894	3,113	2,558	1,185
<b>Total Cost of Service Related to Sales of Water</b>		<u>1,487,117</u>	<u>656,601</u>	<u>548,740</u>	<u>272,951</u>
Reallocation of Public Fire	20	0	171,428	33,285	(204,713)
<b>Total</b>		<u>\$ 1,487,117</u>	<u>\$ 828,028</u>	<u>\$ 582,026</u>	<u>\$ 68,238</u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	119.0	0.5767
Commercial	86.0	0.4168
Private Fire Protection	0.5	0.0024
Public Fire Protection	0.9	0.0042
Total	<u>206.4</u>	<u>1.0000</u>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.7692	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.2308	
Residential	0.5767	0.4436	0.5772	0.1332	0.5768
Commercial	0.4168	0.3206	0.4228	0.0976	0.4181
Private Fire Protection	0.0024	0.0018			0.0018
Public Fire Protection	0.0042	0.0032			0.0032
Total	<u>1.0000</u>	<u>0.7692</u>	<u>1.0000</u>	<u>0.2308</u>	<u>1.0000</u>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	119	0.6	71	0.5772
Commercial	86	0.6	52	0.4228
Industrial	0	0.7	0	0.0000
Large Industrial	0	0.7	0	0.0000
Public Authority	0	0.6	0	0.0000
Sales for Resale	0	0.4	0	0.0000
Total	<u>205</u>		<u>123</u>	<u>1.0000</u>

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of maximum day ratios experienced during the period 2000 through 2017 (see Schedule F).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	<u>0.30</u>	<u>0.2308</u>
Total	<u>1.30</u>	<u>1.0000</u>

\* Ratio of maximum day to average day minus 1.0.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.6073	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.1822	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.2105	
Residential	0.5767	0.3502	0.5772	0.1052			0.4554
Commercial	0.4168	0.2531	0.4228	0.0770			0.3301
Industrial	0.0000	0.0000	0.0000	0.0000			0.0000
Large Industrial	0.0000	0.0000	0.0000	0.0000			0.0000
Public Authority	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0024	0.0014			0.0258	0.0054	0.0069
Public Fire Protection	0.0042	0.0025			0.9742	0.2051	0.2076
<b>Total</b>	<u>1.0000</u>	<u>0.6073</u>	<u>1.0000</u>	<u>0.1822</u>	<u>1.0000</u>	<u>0.2105</u>	<u>1.0000</u>



VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based the weighting of the Veolia Water Cost of Service Study

	<u>Ratio</u>	<u>Weight</u>
Average Day	1.00	0.6073
Maximum Day Extra Capacity	<u>0.30</u>	<u>0.1822</u>
Subtotal	<u><u>1.30</u></u>	0.7895
Fire Protection		<u>0.2105</u>
Total		<u><u>1.0000</u></u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule G).

VEOLIA WATER PENNSYLVANIA INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.3040	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3161	
Residential	5.0	0.5814	0.3712	0.1128			0.3337
Commercial	3.6	0.4186	0.6288	0.1911			0.3502
Industrial	0.0	0.0000	0.0000	0.0000			0.0000
Public Authority	0.0	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000			0.0258	0.0082	0.0082
Public Fire Protection	0.0	0.0000			0.9742	0.3079	0.3079
<b>Total</b>	<b>8.6</b>	<b>1.0000</b>	<b>1.0000</b>	<b>0.3040</b>	<b>1.0000</b>	<b>0.3161</b>	<b>1.0000</b>

The maximum hour extra capacity factors in column 5 are determined on the following page.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based the weighting of the Veolia Water Cost of Service Study

	<u>Weight</u>
Average Hour	0.3800
Maximum Hour Extra Capacity	<u>0.3040</u>
Subtotal	0.6839
Fire Protection	<u>0.3161</u>
Total	<u><u>1.0000</u></u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u>	<u>1,000 Gallons Per Hour</u>	<u>Allocation Factor</u>
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	5.0	1.7	8.5	0.3712
Commercial	<u>3.6</u>	4.0	<u>14.4</u>	<u>0.6288</u>
Total	<u><u>8.6</u></u>		<u><u>22.9</u></u>	<u><u>1.0000</u></u>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor	Allocation Factor
	Thousand Gallons	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor		
(1)	(2)	(4)=(3) X	(5)	(6)=(5) X	(7)	(8)=(7) X	(9)=(4)+(6)+(8)	
		0.4187		0.3349		0.2464		
Residential	5.0	0.2414	0.3700	0.1239			0.3654	
Commercial	3.6	0.1745	0.6300	0.2110			0.3855	
Industrial	0.0	0.0000	0.0000	0.0000			0.0000	
Large Industrial	0.0	0.0000	0.0000	0.0000			0.0000	
Public Authority	0.0	0.0000	0.0000	0.0000			0.0000	
Sales for Resale	0.0	0.0000	0.0000	0.0000			0.0000	
Private Fire Protection	0.0	0.0024			0.0258	0.0064	0.0073	
Public Fire Protection	0.0	0.0042			0.9742	0.2400	0.2418	
<b>Total</b>	<b>8.6</b>	<b>1.0000</b>	<b>1.0000</b>	<b>0.4187</b>	<b>1.0000</b>	<b>0.3349</b>	<b>1.0000</b>	<b>1.0000</b>

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based the weighting of the Veolia Water Cost of Service Study

Fire Protection Weight = 0.2464

General Service Weight = 0.7536

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	<u>Weight</u>
Average Hour	0.4187
Extra Capacity Maximum Hour	<u>0.3349</u>
Total	<u><u>0.7536</u></u>

<u>Customer Classification</u> (1)	<u>Average Hourly Consumption Thousand Gal.</u> (2)	<u>Factor*</u> (3)	<u>Maximum Hour Extra Capacity</u>	
			<u>1,000 Gallons Per Hour</u> (4)=(2)x(3)	<u>Allocation Factor</u> (5)
Residential	5.0	1.7	8.4	0.3700
Commercial	<u>3.6</u>	4.0	<u>14.3</u>	<u>0.6300</u>
Total	<u><u>8.5</u></u>		<u><u>22.7</u></u>	<u><u>1.0000</u></u>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
	(1)	(2)	(3)=(2)X 0.2383	(4)	
Residential	0.4554	0.1085	0.3337	0.2542	0.3627
Commercial	0.3301	0.0787	0.3502	0.2667	0.3454
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Large Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0069	0.0016	0.0082	0.0062	0.0078
Public Fire Protection	0.2076	0.0495	0.3079	0.2345	0.2840
<b>Total</b>	<b>1.0000</b>	<b>0.2383</b>	<b>1.0000</b>	<b>0.7617</b>	<b>1.0000</b>

The weighting of the factors is based on the weightings in Veolia Water Cost of Service Study

	Weight
Transmission Mains	0.2383
Distribution Mains	0.7617
<b>Total</b>	<b>1.0000</b>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,097	0.8374
Commercial	<u>213</u>	<u>0.1626</u>
Total	<u><u>1,310</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Large Industrial		Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Meters (15)	Weighting (16)
5/8 and 3/4	1.0	1,080	1,080	19	19	0	0	0	0	0	0	0	0	1,099	1,099
1	1.2	2	2	24	29	0	0	0	0	0	0	0	0	26	31
1-1/2	1.9	8	15	13	25	0	0	0	0	0	0	0	0	21	40
2	2.1	0	0	23	47	0	0	0	0	0	0	0	0	23	47
3	5.2	0	0	10	52	0	0	0	0	0	0	0	0	10	52
4	7.3	0	0	1	7	0	0	0	0	0	0	0	0	1	7
6	11.2	0	0	3	34	0	0	0	0	0	0	0	0	3	34
8	32.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<u>1,090</u>	<u>1,097</u>	<u>93</u>	<u>213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,183</u>	<u>1,310</u>



VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,098	0.8805
Commercial	149	0.1195
Private Fire Protection	<u>0</u>	<u>0.0000</u>
Total	<u><u>1,247</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Large Industrial		Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)=(2)X(15)	Number of Services (15)	Weighting (16)
3/4	1.00	1,080	1,080	19	19	0	0	0	0	0	0	0	0	0	0	1,099	1,099
1	1.05	2	2	24	25	0	0	0	0	0	0	0	0	0	0	26	27
1-1/2	2.03	8	16	13	26	0	0	0	0	0	0	0	0	0	0	21	42
2	2.03	0	0	23	47	0	0	0	0	0	0	0	0	0	0	23	47
3	2.18	0	0	10	22	0	0	0	0	0	0	0	0	0	0	10	22
4	2.18	0	0	1	2	0	0	0	0	0	0	0	0	0	0	1	2
6	2.79	0	0	3	8	0	0	0	0	0	0	0	0	0	0	3	8
8	3.11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	4.12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	4.65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		1,090	1,098	93	149	0	0	0	0	0	0	0	0	0	0	1,183	1,247

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission &amp; Distribution Operating Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 30,556	0.5753
Commercial	22,067	0.4154
Private Fire Protection	127	0.0024
Public Fire Protection	<u>366</u>	<u>0.0069</u>
Total	<u><u>53,117</u></u>	<u><u>1.0000</u></u>

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission &amp; Distribution Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 54	0.4877
Commercial	34	0.3102
Private Fire Protection	1	0.0057
Public Fire Protection	<u>22</u>	<u>0.1964</u>
Total	<u><u>\$110</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,090	0.9175
Commercial	93	0.0783
Private Fire Protection	4	0.0034
Public Fire Protection	1	0.0008
Total	<u>1,188</u>	<u>1.0000</u>

FACTOR 13. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,090	0.9214
Commercial	93	0.0786
Total	<u>1,183</u>	<u>1.0000</u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$3,895	0.5522
Commercial	2,776	0.3935
Private Fire Protection	19	0.0027
Public Fire Protection	364	0.0516
	<u>364</u>	<u>0.0516</u>
Total	<u>\$7,054</u>	<u>1.0000</u>

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$236,445	0.5791
Commercial	163,128	0.3995
Private Fire Protection	1,023	0.0025
Public Fire Protection	7,697	0.0189
	<u>7,697</u>	<u>0.0189</u>
Total	<u>\$408,293</u>	<u>1.0000</u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)		Commercial (5)	Fire Protection (6)		Public (7)
			\$	%		Private	Public	
<b>RATE BASE</b>								
301.0 Organization	17	\$ -	-	-	\$ -	-	\$ -	-
302.0 Franchises and Consents	17	-	-	-	-	-	-	-
303.2 Source of Supply - Land and Land Rights	2	-	-	-	-	-	-	-
304.2 Water Source Structures	2	-	-	-	-	-	-	-
304.3 Power and Pumping Structures	3	13,030	5,934	4,302	89	2,705		
305.0 Collection and Impounding Reservoirs	1	-	-	-	-	-	-	-
306.0 Lakes, River and Other Intakes	2	-	-	-	-	-	-	-
307.0 Wells & Springs	2	-	-	-	-	-	-	-
308.0 Infiltration Galleries and Tunnels	2	-	-	-	-	-	-	-
308.3 Water Treatment - Land and Land Rights	3	120,067	54,677	39,637	825	24,928		
310.0 Power Generation Equip	3	251,871	114,700	83,149	1,730	52,293		
311.2 Electric Pumping Equipment	2	-	-	-	-	-	-	-
311.2 Oil Engine Pumping Equipment	2	-	-	-	-	-	-	-
320.1 Purification System - Treatment Structures	2	55,909	32,249	23,378	102	180		
320.2 Purification System - Equipment	2	5,958	3,437	2,491	11	19		
344.0 Laboratory Equipment	2	-	-	-	-	-	-	-
303.4 T&D - Land and Land Rights	6	5	2	2	0	1		
304.4 T&D Structures and Improvements	6	783,956	284,359	270,787	6,152	222,657		
330.0 Distribution Reservoirs and Standpipes	5	2,301,242	840,819	887,075	16,908	556,440		
331.0 Distribution Mains	4	1,453,484	485,073	509,000	11,853	447,558		
331.0 Transmission Mains	3	863,872	393,398	285,186	5,932	179,355		
333.0 Services	9	19,354	17,041	2,313	-	-		
334.0 Meters	8	33,783	28,290	5,493	-	-		
335.0 Hydrants	7	10,352	-	-	-	10,352		
339.0 Other Plant and Miscellaneous Equipment	14	-	-	-	-	-		
303.5 General Land and Land Rights	14	-	-	-	-	-		
304.5 Office Buildings	14	-	-	-	-	-		
304.5 Stores, Shop and Garage Buildings	14	-	-	-	-	-		
304.5 Miscellaneous Structures and Improvements	14	36,278	20,031	14,276	99	1,872		
340.1 Office Furniture and Equipment	14	844	466	332	2	44		
340.2 Computer Software	14	-	-	-	-	-		
340.2 Computer Software-CIS Implementation	12	-	-	-	-	-		
341.0 Transportation Equipment	14	-	-	-	-	-		
342.0 Stores Equipment	14	-	-	-	-	-		
343.1 Tools and work Equipment	14	-	-	-	-	-		
343.2 Shop Equipment	14	-	-	-	-	-		
345.0 Power Operated Equipment	14	2,099	1,159	826	6	108		
346.0 Communication Equipment	14	30,445	16,810	11,981	83	1,571		
399.9 Miscellaneous Equipment	14	-	-	-	-	-		
Mahoning Manual Deprec Acquisition Adj.	17	396,422	152,302	141,818	2,902	99,400		
<b>Total Utility Plant in Service</b>		<b>6,378,971</b>	<b>2,450,747</b>	<b>2,282,046</b>	<b>46,694</b>	<b>1,599,484</b>		

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS  
COST OF SERVICE FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2025, ALLOCATED TO CUSTOMER CLASSIFICATIONS

not updated Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)			Commercial (5)		Fire Protection (6)		Public (7)
								Private		
<b>Other Rate Base Items</b>										
Add:										
Cash Working Capital	15	5,223	3,025		2,087		13			98
Materials and Supplies	14	0	0		0		0			0
Less:										
Deferred Income Taxes	17	(46,056)	(17,694)		(16,476)		(337)			(11,548)
Total Other Rate Base Elements		(40,833)	(14,670)		(14,390)		(324)			(11,450)
<b>Total Original Cost Measure of Value</b>		<b>\$ 6,338,138</b>	<b>\$ 2,436,077</b>		<b>\$ 2,267,657</b>		<b>\$ 46,370</b>			<b>\$ 1,588,034</b>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

<u>Customer Classification</u> (1)	<u>Direct Labor Expense</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$1,957	0.6197
Commercial	1,083	0.3430
Private Fire Protection	9	0.0028
Public Fire Protection	<u>109</u>	<u>0.0344</u>
Total	<u><u>\$3,158</u></u>	<u><u>1.0000</u></u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,  
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Original Cost Less Depreciation</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$2,450,747	0.3842
Commercial	2,282,046	0.3577
Private Fire Protection	46,694	0.0073
Public Fire Protection	<u>1,599,484</u>	<u>0.2507</u>
Total	<u><u>\$6,378,971</u></u>	<u><u>1.0000</u></u>



VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$2,436,077	0.3844
Commercial	2,267,657	0.3578
Private Fire Protection	46,370	0.0073
Public Fire Protection	<u>1,588,034</u>	<u>0.2506</u>
Total	<u><u>\$6,338,138</u></u>	<u><u>1.0000</u></u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS A  
OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$574,755	0.4515
Commercial	472,241	0.3710
Private Fire Protection	7,248	0.0057
Public Fire Protection	<u>218,779</u>	<u>0.1719</u>
Total	<u><u>\$1,273,023</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification <u>                    </u> (1)	5/8" Dollar Equivalents <u>                    </u> (2)	Allocation Factor <u>                    </u> (3)
Residential	1,097	0.8374
Commercial	<u>213</u>	<u>0.1626</u>
Total	<u><u>1,310</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA INC.  
MAHONING WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE  
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00		0	
3 -inch	9.00		0	
4 -inch	16.00		0	
6 -inch	36.00		0	
8 -inch	64.00		0	
10 -inch	100.00		0	
12 -inch	144.00		0	
Private Hydrants	26.50	<u>4</u>	<u>106</u>	
Total Private Fire Protection		<u>4</u>	<u>106</u>	0.0258
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
5 1/4" Valve	2- 2-1/2" & 1-5 1/4"	<u>151</u>	<u>4,002</u>	
Total Public Fire Protection		<u>151</u>	<u>4,002</u>	<u>0.9742</u>
Total Fire Protection		<u><u>155</u></u>	<u><u>4,108</u></u>	<u><u>1.0000</u></u>

VEOLIA WATER PENNSYLVANIA, INC.  
HARRISBURG, PENNSYLVANIA

COST OF SERVICE  
ALLOCATION STUDY  
MAHONING  
SEWER OPERATIONS  
FOR THE TEST YEAR ENDED  
OCTOBER 31, 2025



**GANNETT FLEMING**

Excellence Delivered As Promised

Exhibit No. CEH-3  
Docket No. R-2024-3045192  
and R-2024-3045193  
Witness: C.E. Heppenstall

VEOLIA PENNSYLVANIA, INC.  
Bryn Mawr, Pennsylvania

MAHONING WASTEWATER OPERATIONS  
COST OF SERVICE ALLOCATION STUDY  
AS OF OCTOBER 31, 2025

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Camp Hill, Pennsylvania

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VEOLIA PENNSYLVANIA, INC.

MAHONING WASTEWATER OPERATION

WASTEWATER COST OF SERVICE ALLOCATION STUDIES  
AS OF OCTOBER 31, 2025  
AND PROPOSED CUSTOMER RATES

PLAN OF REPORT

The reports set forth the results of the cost of service allocation study for the Mahoning Wastewater Operations based on pro forma costs as of October 31, 2025, for Veolia Pennsylvania, Inc. The introduction contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Schedule A summarizes the cost allocation for the Mahoning wastewater operations and total revenues under present and proposed rates. Cost of Service by Customer Classification presents detailed schedules of the allocation of costs to customer classifications, as well as the basis for the allocations.

BASIS OF STUDY

The method used for the allocation of wastewater cost of service incorporates the functional cost allocation methodology described in the text “Financing and Charges for Wastewater Systems”, Manual of Practice No. 27, published by the Water Environment Federation. This method is recognized for allocating the cost of providing wastewater service to customer classifications in proportion to the classifications' use of the commodity, facilities, and services. It is generally accepted as a sound method for allocating the cost of wastewater service. Under the functional cost method, costs are assigned to cost components using predominant operational purposes as cost-

causative factors.

Each element of the cost of service is allocated to customer classifications according to the functional categories. The cost functions are flow, infiltration and inflow (I&I), customer facilities and customer accounting. The functional costs are allocated to customer classifications based on the amount of flow contributed to the system, the amount of I&I allocated to each class, and the number and relative size of customers.

The results of the allocation of wastewater cost of service is summarized on Schedule A, column 2. The cost allocation results can be compared with revenues under present and proposed rates in columns 4 and 6 of Schedule A. The proposed increase and percentage increase in revenues are shown in columns 8 and 9.



VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES - WASTEWATER  
FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 1,763,276	86.1%	\$ 889,534	56.0%	\$ 1,227,771	59.9%	\$ 338,238	38.0%
Non-Residential	285,031	13.9%	699,679	44.0%	820,536	40.1%	120,856	17.3%
Total Sales	2,048,307	100.0%	1,589,213	100.0%	2,048,307	100.0%	459,094	28.9%
Other Revenues	207		207		207		-	0.0%
Total	\$ 2,048,514		\$ 1,589,420		\$ 2,048,514		\$ 459,094	28.9%

VEOLIA PENNSYLVANIA, INC

WASTEWATER BASE OPERATIONS

ALLOCATION OF COST OF SERVICE BY FUNCTION TO CUSTOMER CLASSIFICATIONS

Description (1)	Flow		Infiltration & Inflow	Customer Facilities (5)	Customer Accounting (6)	Total (7)
	Collection (2)	Treatment				
Total Cost of Service	\$ 1,491,434	\$ 84,202	\$ 472,474	\$ 43	\$ 154	\$ 2,048,307
Factor Reference	A	A1	C	B	B	
Residential Factor	0.9101	0.9101	0.6967	0.5900	0.5900	
Cost of Service	\$ 1,357,354	\$ 76,633	\$ 329,173	25	91	1,763,276
Non-Residential Factor	0.0899	0.0899	0.3033	0.4100	0.4100	
Cost of Service	\$ 134,080	\$ 7,570	\$ 143,301	17	63	\$ 285,031
Total	1,491,434	84,203	472,474	42	154	2,048,307

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF FLOW COLLECTION COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

<u>Classification</u> (1)	<u>Average Daily Consumption, 100 gallons</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,316	0.9101
Non-Residential	<u>130</u>	<u>0.0899</u>
Total	<u><u>1,446</u></u>	<u><u>1.0000</u></u>

FACTOR A1. ALLOCATION OF FLOW TREATMENT COSTS.

Factors are based on the pro forma test year average daily consumption for each customer

<u>Classification</u> (1)	<u>Average Daily Consumption, 100 gallons</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,316	0.9101
Non-Residential	<u>130</u>	<u>0.0899</u>
Total	<u><u>1,446</u></u>	<u><u>1.0000</u></u>

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR B. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of customers.

Customer Classification (1)	Number of Customers (2)	Allocation Factor (3)
Residential	1,339	0.5900
Non-Residential	930	0.4100
Total	<u>2,269</u>	<u>1.0000</u>

FACTOR C. ALLOCATION OF COSTS ASSOCIATED WITH INFILTRATION AND INFLOW.

Factors are based on a 1/3-2/3 weighting of flow and number of customers.

Customer Classification (1)	Average Daily Flow		Number of Bills		Allocation Factor (6)=(3)+(5)
	Factor A (2)	Weight (3)=(2) x 0.3333	Factor C (4)	Weight (5)=(4) x 0.6667	
Residential	0.9101	0.3033	0.5900	0.3934	0.6967
Non-Residential	0.0899	0.0300	0.4100	0.2733	0.3033
Total	<u>1.0000</u>	<u>0.3333</u>	<u>1.0000</u>	<u>0.6667</u>	<u>1.0000</u>

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
COST OF SERVICE ALLOCATED TO COST FUNCTIONS FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Account (1)	Factor Ref. (2)	Cost of Service (3)	Flow		Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (8)
			Collection (4)	Treatment (5)			
<b>OPERATION AND MAINTENANCE EXPENSES</b>							
<b>COLLECTION</b>							
Labor	1	4,076	3,135	0	941	0	0
Purchased Power	1		0	0	0	0	0
Purchased Power	1		0	0	0	0	0
Supplies	1	5,015	3,858	0	1,157	0	0
Outside Services	1	926,165	712,435	0	213,730	0	0
Other Expense	1	420	323	0	97	0	0
<b>TOTAL COLLECTION EXPENSE</b>		<b>935,676</b>	<b>719,750</b>	<b>0</b>	<b>215,925</b>	<b>0</b>	<b>0</b>
<b>SEWAGE TREATMENT</b>							
Salary and Wages	1A		0	0	0	0	0
Purchased Wastewater	1A		0	0	0	0	0
Chemicals	1A		0	0	0	0	0
Sludge Disposal	1A		0	0	0	0	0
Lab Testing	1A	108,368	0	83,360	25,008	0	0
Supplies	1A		0	0	0	0	0
Transporation	1A		0	0	0	0	0
OS Other	1A		0	0	0	0	0
<b>TOTAL SEWAGE TREATMENT EXPENSE</b>		<b>108,368</b>	<b>0</b>	<b>83,360</b>	<b>25,008</b>	<b>0</b>	<b>0</b>

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
COST OF SERVICE ALLOCATED TO COST FUNCTIONS FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Account (1)	Factor Ref. (2)	Cost of Service (3)	Collection (4)	Flow Treatment (5)	Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (8)
<b>CUSTOMER ACCOUNTS</b>							
Salary and Wages	2		0	0	0	0	0
Other	2		0	0	0	0	0
Uncollectible Accounts	2	42	0	0	0	42	0
<b>TOTAL CUSTOMER ACCOUNTING EXPENSE</b>		42	0	0	0	42	0
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>							
Salaries and Wages	4		0	0	0	0	0
Employee Benefits	5	869	716	0	0	0	153
Supplies	4		0	0	0	0	0
Accounting	4		0	0	0	0	0
Legal	4		0	0	0	0	0
Management Fees	4		0	0	0	0	0
Leases	4		0	0	0	0	0
Transportation	4		0	0	0	0	0
Insurance other than Group	4	1	0	0	0	0	0
OS Other	4		0	0	0	0	0
Amortization of Rate Case Expense	8	13,682	9,962	562	3,156	0	1
Other	4	1,027	708	82	237	0	0
Employee Benefits	5	15,579	11,387	644	3,393	0	154
<b>TOTAL A &amp; G EXPENSE</b>		1,059,665	731,137	84,005	244,326	43	154
<b>Total Operation &amp; Maintenance Expenses</b>							
<b>DEPRECIATION EXPENSE</b>							
Structures and Improvements	1	471	362	-	109	-	-
Pumping	1	5,537	4,259	-	1,278	-	-
Collection Mains - Gravity	1	204,861	157,585	-	47,276	-	-
Collection Mains - Force	1	98,067	75,436	-	22,631	-	-
Pumping Equipment	4	1,003	692	80	232	0	0
Tools, Shop and Gargage Equipment	10	153,034	117,717	1	35,316	0	-

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
COST OF SERVICE ALLOCATED TO COST FUNCTIONS FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Account (1)	Factor Ref. (2)	Cost of Service (3)	Flow		Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (8)
			Collection (4)	Treatment (5)			
<b>Total Depreciation Expense</b>		462,973	356,052	81	106,840	0	0
<b>Taxes Other Than Income</b>							
PUC Assessment	7	0	-	-	-	-	-
OCA, OSBA Assessment	7	0	-	-	-	-	-
Local Property Tax	7	4	3	0	1	0	0
<b>Total Taxes, Other Than Income</b>		4	3	0	1	0	0
<b>Total Operating Expense</b>		1,522,642	1,087,192	84,086	351,167	43	154
<b>Income Taxes</b>	7	105,483	81,116	25	24,342	0	0
<b>Utility Income Available for Return</b>	7	420,389	323,276	100	97,013	0	0
<b>Total Cost of Service</b>		2,048,514	1,491,585	84,211	472,522	43	154
<b>Less: Other Revenues</b>							
Contribution to Columbia County	8	0	-	-	-	-	-
Other Operating Revenues	8	207	151	9	48	0	0
<b>Total Cost of Service Related to Sales of Wastewater Services</b>		<u>2,048,307</u>	<u>1,491,434</u>	<u>84,202</u>	<u>472,474</u>	<u>43</u>	<u>154</u>

VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Flow		Infiltration & Inflow	Customer Facilities	Customer Accounting	Total
	Collection	Treatment				
Factor 1 - Flow and I&I	0.7692		0.2308			1.0000
Factor 1A - Treatment		0.7692	0.2308			1.0000
Factor 2 - Customer Facilities				1.0000		1.0000
Factor 3 - Customer Accounting					0.0000	0.0000
Factor 4 - O&M Exp less Power and Chemicals						
Cost	719,750	83,360	240,933	42	0	1,044,086
Factor	0.6894	0.0798	0.2308	0.0000	0.0000	1.0000
Factor 5 - Labor Expense						
Cost	4,076	0	0	0	869	4,945
Factor	0.8243	0.0000	0.0000	0.0000	0.1757	1.0000
Factor 6 - Rate Base less Allocated Costs						
Cost	4,057,010	38	1,217,115	0	0	5,274,164
Factor	0.7692	0.0000	0.2308	0.0000	0.0000	1.0000
Factor 7 - Rate Base						
Cost	4,067,554	1,258	1,220,641	1	2	5,289,456
Factor	0.7690	0.0002	0.2308	0.0000	0.0000	1.0000
Factor 8 - Total Cost of Service						
Cost	1,481,622	83,648	469,366	42	153	2,034,832
Factor	0.7281	0.0411	0.2307	0.0000	0.0001	1.0000
Factor 9 - O&M Exp						
Cost	721,175	83,442	241,170	42	153	1,045,982
Factor	0.6895	0.0798	0.2306	0.0000	0.0001	1.0000
Factor 10 - Rate Base ex Acq. Adj.						
Cost	3,925,817	37	1,177,756	0	0	5,103,610
Factor	0.7692	0.0000	0.2308	0.0000	0.0000	1.0000



VEOLIA PENNSYLVANIA, INC  
MAHONING WASTEWATER OPERATIONS  
COST OF SERVICE ALLOCATED TO COST FUNCTIONS FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Account (1)	Factor Ref. (2)	Cost of Service (3)	Collection (4)	Flow (5)	Treatment (6)	Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (9)
<b>RATE BASE</b>								
Structures and Improvements								
Pumping	1	13,305	10,235	0	0	3,070	0	0
Collection Mains - Gravity	1	76,493	58,841	0	0	17,652	0	0
Collection Mains - Force	1	4,847,670	3,728,977	0	0	1,118,693	0	0
Pumping Equipment	1	165,677	127,444	0	0	38,233	0	0
Tools, Shop and Gargage Equipment	4	465	321	37	0	107	0	0
Mahoning Acq Adjustment	10	170,554	131,194	1	0	39,359	0	0
		<b>\$ 5,274,164</b>	<b>\$ 4,057,010</b>	<b>\$ 38</b>	<b>\$ 1,217,115</b>		<b>\$ 0</b>	<b>\$ -</b>
TOTAL UTILITY PLANT IN SERVICE SEWER								
Other Rate Base Items:								
Working Capital	9	15,292	10,543	1,220	0	3,526	1	2
Customer Contributions	6	0	0	0	0	0	0	0
Total Other Rate Base Elements		15,292	10,543	1,220	0	3,526	1	2
<b>Total Original Cost Measure of Value</b>		<b>5,289,456</b>	<b>4,067,554</b>	<b>1,258</b>	<b>1,220,641</b>		<b>1</b>	<b>2</b>

VEOLIA WATER PENNSYLVANIA, INC.  
HARRISBURG, PENNSYLVANIA

COST OF SERVICE  
ALLOCATION STUDY  
COLUMBIA COUNTY  
SEWER OPERATIONS  
FOR THE TEST YEAR ENDED  
OCTOBER 31, 2025



**GANNETT FLEMING**

Excellence Delivered As Promised

VEOLIA PENNSYLVANIA, INC  
COLUMBIA COUNTY WASTEWATER OPERATIONS  
COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES - WASTEWATER  
FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Non-Residential	\$ 156,255	100.0%	\$ 46,629	100.0%	\$ 156,255	100.0%	\$ 109,625	235.1%
Total Sales	156,255	100.0%	46,629	100.0%	156,255	100.0%	109,625	235.1%
Contribution From Mahoning Other Revenues	-		-		-		-	
Total	\$ 156,255		\$ 46,629		\$ 156,255		\$ 109,625	235.1%

VEOLIA PENNSYLVANIA, INC  
TOTAL WASTEWATER OPERATIONS  
COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES - WASTEWATER  
FOR THE TWELVE MONTHS ENDING OCTOBER 31, 2025

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 1,763,276	80.0%	\$ 889,534	54.4%	\$ 1,227,771	55.7%	\$ 338,238	38.0%
Non-Residential	441,286	20.0%	746,309	45.6%	976,790	44.3%	230,482	30.9%
Total Sales	2,204,562	100.0%	1,635,842	100.0%	2,204,561	100.0%	568,719	34.8%
Other Revenues	207		207		207		-	0.0%
Total	\$ 2,204,769		\$ 1,636,050		\$ 2,204,769		\$ 568,719	34.8%