

**Pennsylvania-American Water Company's
Utility Valuation Experts' (UVE) Valuation of
Steelton Borough (Water) Authority
Dauphin County, Pennsylvania**

**Appraisal Work Papers
As of July 2018**

Valuation Summary

**AUS Consultants
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Pennsylvania-American Water Company
Steelton Borough (Water) Authority
Water System
Investor-Owned Utility
As of July 1, 2018

Fair Market Value Appraisal

Appraisal Approach	Investor-owned Utility	Weight	Wtd Valuation Indications
Cost Approach			
Depreciated Replacement Cost New	\$ 23,921,473		
Cost Approach Conclusion	23,921,473	50%	11,960,736
Income Approach			
	22,424,662		
Income Approach Conclusion	22,424,662	40%	8,969,865
Market Approach			
Market Approach Conclusion	22,911,987	10%	2,291,199
Appraisal Conclusion	\$ 23,221,800	100%	23,221,800
Conclusion (cost approach)	\$ 23,921,473		

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Cost Approach Summary

Account	Account Description	Investment	(2)	(4)	(5a)	(5b)	(6a)	(5f)	(5g)	(5h)	(6)	(7)	(8)
Steelton's Engineers' Assessment Data	Steelton's Engineers' Assessment Data	OC \$	Reproduction Cost New (RCN)	Reproduction Cost New (RCN)	Reproduction Cost New (COR)	Replacement Cost New (COR)	Age at July 1, 2018 Appraisal Date	Normal Remaining Life	Total Life Expectancy	Condition	Preliminary Cost Approach (RCN less Normal Depreciation)	Economic Obsolescence	Fair Market Value
Steelton's Engineers' Assessment Data	Steelton's Engineers' Assessment Data	Input	RCN \$	Input	COR \$ / RCN \$	COR \$	years	years	years	% of COR	CORLD \$	% of Preliminary Cost Approach	Appraisal Date Value \$
Steelton's Engineers' Assessment Data	Steelton's Engineers' Assessment Data	Input	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation	Input	Calculation
Steelton's Engineers' Assessment Data	Steelton's Engineers' Assessment Data	Input	Col (2) * (3c)	AUS Input	Col (4) * (5a)	2018.00 - ((1)+0.5]	(5b) / (5c)	(1a) + (5f)	(5f) / (5g)	(9) * (5h)	Economic Obsolescence Analysis	(6) * (1.00-17)	
303 Land		32,244	6,000	193,451	1,000	193,451	46.00	0.00	0.00	100.0%	193,451	0.0%	193,451
304 Treatment		7,580,743	1,478	11,205,461	1,000	11,205,461	7.25	33.16	48.56	64.1%	7,180,295	0.0%	7,180,295
311 Booster Station		896,330	7,060	6,328,090	1,000	6,328,090	45.00	6.59	51.59	12.8%	808,337	0.0%	808,337
330 Storage		977,752	8,200	8,017,566	1,000	8,017,566	45.00	20.85	65.85	31.7%	2,538,592	0.0%	2,538,592
331.1 Interconnection		-	-	-	-	-	-	0.00	0.00	0.0%	-	0.0%	-
331.2 Distribution		10,252,837	2,545	26,092,200	1,000	26,092,200	16.79	31.00	69.17	50.6%	13,200,798	0.0%	13,200,798
Total		19,739,906	2,626	51,836,769	1,000	51,836,769	35.00	26.80	61.80	46.2%	23,921,473	0.00%	23,921,473

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(0)	(2)	(3c)	(4)	(5a)	(5b)
Account	Investment	Cost Translator	Reproduction Cost New (RCN)	Reproduction Cost New to Replacement Cost New (COR)	Replacement Cost New (COR)
Account Description	OC \$\$	Calculation	RCN \$\$	COR \$\$ / RCN \$\$	COR \$\$
Input	Input	Calculation	Calculation	Input	Calculation
Steelton's Assessment Data	Steelton's Engineers' Assessment Data	Col (3b) / (3a)	Col (2) * (3c)	AUS Input	Col (4) * (5a)
1	3	9	13	14	15
303 Land	32,244	6	193,451	1.000	193,451
304 Treatment	7,580,743	1.478	11,205,461	1.000	11,205,461
311 Booster Station	896,330	7.06	6,328,090	1.000	6,328,090
330 Storage	977,752	8.2	8,017,566	1.000	8,017,566
331.1 Interconnection	-	0	-	0.000	-
331.2 Distribution	10,252,837	2.545	26,092,200	1.000	26,092,200
Total	19,739,906	2.626	51,836,769	1.000	51,836,769

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(0)	(0.5)	(1a)	(4)	(5f)	(5g)	(5h)	(6)	RCN Weighted Normal Remaining Life	RCN Weighted Age	RCN \$s * Years	RCN Weighted Normal Remaining Life	RCN \$s * Years	RCN Weighted Total Life Expectancy
Account	Description	Age at July 1, 2018 Appraisal Date	Replacement Cost New (RCN)	Normal Remaining Life	Total Life Expectancy	Condition	Preliminary Cost Approach (RCN less Normal Depreciation)	RCN Weighted Normal Remaining Life	RCN Weighted Age	RCN \$s * Years	RCN Weighted Normal Remaining Life	RCN \$s * Years	RCN Weighted Total Life Expectancy
Input	Input	years	COR \$s	years	years	% of COR	CORLD \$s	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation
Exeter Data	Exeter Data	2018.50- [(1)+0.5]	Col (4)	(5b)*(5e)	(1a)+(5f)	(5f)/(5g)	(4)*(5h)	(4)*(5f)	(4)*(1a)	(4)*(5f)	(4)*(5f)	(4)*(5g)	
18	303 Land	19	21	22	28	29	30	31	32	33	34		
			0.01	193,451	0.0000	0.0000	1.0000	193,451	2,607	-	-	-	
	304 Treatment		15.40	11,205,461	33.16	48.56	0.6408	7,180,295	172,522,691	371,566,386	544,089,085		
	311 Booster Station		45.00	6,328,090	6.59	51.59	0.1277	808,337	284,764,041	41,702,112	326,466,153		
	330 Storage		45.00	8,017,566	20.85	65.85	0.3166	2,538,592	360,790,488	167,166,259	527,956,747		
	331.1 Interconnection		0.00	-	0.0000	0.0000	0.0000	-	-	-	-		
	331.2 Distribution		38.18	26,092,200	31	69.17	0.5059	13,200,798	996,111,649	808,787,245	1,804,898,895		
Total			35	51,836,769	26.8	61.8	46.15%	23,921,473	1,814,191,476	1,389,222,002	3,203,410,880		

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(0)	(0.5)	(6)	(7)	(8)
Account	Description	Preliminary Cost Approach	Economic Obsolescence	Fair Market Value
Input		CORLD \$s	% of Preliminary Cost Approach	Appraisal Date Value \$s
Exeter Data	Exeter Data	Calculation	Input	Calculation
		RCNLD	Economic Obsolescence Analysis	(6) * [1.00-(7)]
36		37	39	41
303 Land		193,451	0.00%	193,451
304 Treatment		7,180,295	0.00%	7,180,295
311 Booster Station		808,337	0.00%	808,337
330 Storage		2,538,592	0.00%	2,538,592
331.1 Interconnection		-	0.00%	-
331.2 Distribution		13,200,798	0.00%	13,200,798
Total		23,921,473	0.00%	23,921,473

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Determination of the Depreciated Original Cost

(1)	(2)	(3)	(4)	(6a)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Account	Description	Earliest Trend Year	Original Costs	Age at July 1, 2018 Appraisal Date	Normal Remaining Life	Total Life Expectancy	Theoretical Reserve Percent	Theoretical Reserve	Depreciated Original Cost	OC Weighted Age	OC Weighted Normal Remaining Life	OC Weighted Total Life Expectancy
Input	Input	Input	Input		(6)*(9)	(6a)+(10)	$\frac{(1)-(10)}{0} \times \frac{(11)}{(11)}$	(4)/(12)	(4)/(13)	(4)/(6a)	(4)/(10)	(4)/(11)
Exeter Data	Exeter Data	(4)*(5f)	Exeter Data	2018.00;-(1)+0.5]	(6)*(9)	(6a)+(10)	$\frac{(1)-(10)}{0} \times \frac{(11)}{(11)}$	(4)/(12)	(4)/(13)	(4)/(6a)	(4)/(10)	(4)/(11)
43		44	45	46	49	53	55	56	57	58	59	60
303 Land				32,244	46	0	0	-	32,244	1,483,145	-	-
304 Treatment				7,580,743	7.25	44.92	0.1504	1,140,472	6,440,271	54,929,623	340,537,745	395,467,368
311 Booster Station				896,330	45	6.59	0.8723	781,833	114,497	40,334,850	5,906,815	46,241,665
330 Storage				977,752	45	20.85	0.6834	668,166	309,586	43,998,840	20,386,129	64,384,969
331.1 Interconnection				-	0	0	0	-	-	-	-	-
331.2 Distribution				10,252,837	16.79	44.49	0.2311	2,368,927	7,536,837	172,159,313	456,139,635	628,298,948
Total				19,739,906	15.85	41.69	0.2512	4,959,398	14,433,435	312,905,771	822,970,324	1,134,392,950

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Income Approach

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Pennsylvania-American Water Company
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Water System

Potential Purchaser: Investor-Owned Utility
As of July 1, 2018
Discounted Cash Flow Analysis

Discount Rate: Capitalization Rate:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				7.06% 5.54%								Present Worth Factor (PW)	PW of Cashflow	Accumulated PW of Cashflows
Period	Age	Revenues	O&M Expenses	Depreciation	Tax	Cash Flow from Operations	Taxable Income before State & Federal Taxes	State and Federal Taxes @ 28.89%	Capital Expenditures	Change in Working Capital	Net Cash Flows	Period Worth Factor (PW)	PW of Cashflow	Accumulated PW of Cashflows
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
					(3)-(4)	(6)-(5)	(7) *28.89%			(3)-(4)-(8)-(9)-(10)	(11)	(12)	(13)	(14)
1	0.5	2,904,114	1,867,980	959,657	1,036,134	76,477	22,094	322,714	1,198	690,128	0.966	666,664	666,664	
2	1.5	2,933,155	1,924,012	970,554	1,009,143	38,589	11,148	327,557	146	670,292	0.903	605,274	1,271,938	
3	2.5	2,962,487	1,981,723	981,821	980,764	(1,057)	(305)	332,482	147	648,440	0.843	546,635	1,818,573	
4	3.5	2,992,112	2,041,166	993,469	950,946	(42,523)	(12,285)	337,490	147	625,594	0.788	492,968	2,311,541	
5	4.5	3,590,534	2,102,392	1,005,506	1,488,142	482,636	139,433	342,584	2,993	1,003,132	0.736	738,305	3,049,846	
6	5.5	3,662,345	2,165,455	1,017,944	1,496,890	478,946	138,367	347,764	359	1,010,400	0.687	694,145	3,743,991	
7	6.5	3,735,592	2,230,409	1,051,902	1,505,183	453,281	130,953	429,390	366	944,474	0.642	606,352	4,350,343	
8	7.5	3,810,304	2,297,315	1,069,193	1,512,989	443,796	128,213	437,917	373	946,486	0.600	567,892	4,918,235	
9	8.5	4,343,747	2,366,226	1,087,196	1,977,521	890,325	257,215	446,631	2,668	1,271,007	0.560	711,764	5,629,999	
10	9.5	4,604,372	2,437,205	1,105,935	2,167,167	1,061,232	306,590	455,537	1,302	1,403,738	0.523	734,155	6,364,154	
11	10.5	4,696,459	2,510,312	1,125,434	2,186,147	1,060,713	306,440	464,640	461	1,414,606	0.489	691,742	7,055,896	
12	11.5	4,790,388	2,585,612	1,145,717	2,204,776	1,059,059	305,962	473,942	470	1,424,402	0.456	649,527	7,705,423	
13	12.5	5,365,235	2,663,173	1,166,810	2,702,062	1,535,252	443,534	483,451	2,874	1,772,203	0.426	754,958	8,460,381	
14	13.5	5,472,540	2,743,059	1,188,740	2,729,481	1,540,741	445,120	493,169	537	1,790,655	0.398	712,681	9,173,062	
15	14.5	5,800,892	2,825,342	1,211,535	2,975,550	1,764,015	509,624	503,103	1,642	1,961,181	0.372	729,559	9,902,621	
16	15.5	6,090,937	2,910,094	1,176,414	3,180,843	2,004,429	579,079	421,370	1,450	2,178,944	0.347	756,094	10,658,715	
17	16.5	6,090,937	2,997,386	1,194,727	3,093,551	1,898,824	548,570	427,883	-	2,117,098	0.324	685,940	11,344,655	
18	17.5	6,090,937	3,087,297	1,196,264	3,003,640	1,807,376	522,151	434,505	-	2,046,984	0.303	620,236	11,964,891	
19	18.5	6,090,937	3,179,905	1,197,842	2,911,032	1,713,190	494,941	441,242	-	1,974,849	0.283	558,882	12,523,773	
20 and beyond	19.5	6,334,574	3,275,291	1,217,348	3,059,283	1,841,935	532,135	448,095	1,217	2,077,836	4.765	9,900,889	22,424,662	
			50,191,354					8,371,466						

Age
 PW(Age) = 1/(1+Discount Rate)^(Age)
 PW to Perpetuity = 1/Capitalization Rate
 PW_(20and Beyond) = PW to Perpetuity * PW Factor_(19.5)

Deferred Tax

Pennsylvania-American Water Company
Steeltion Borough (Water) Authority
Water System
Potential Purchaser: Investor-Owned Utility
As of July 1, 2018
Calculated Rates of Return on Rate Base and Equity
(Years 1 through 20)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Period	Age	Revenues	O&M Expenses	Book Depreciation	Rate-making Interest Expense	Book Taxable Income (Current + Deferred)	State and Federal Taxes @ 28.89%	Net Operating Income	Net (Equity) Income	Net Plant	Working Capital	Accumulated Deferred Income Taxes (ADIT)	Rate Base	Return on Rate Base	Net Equity	Return on Equity
						(3)-(4)-(5)-(6)	(7)*28.89%	(7)-(8)-(6)	(9) - (6)				(11)+(12)+(13)	(9)/(14)		(10)/(16)
1	0.5	2,904,114	1,867,980	756,379	258,352	21,403	6,183	273,572	15,220	23,487,813	14,520	(58,727)	23,443,606	1.17%	16,521,040	0.09%
2	1.5	2,933,155	1,924,012	756,943	249,740	2,460	711	251,489	1,749	23,058,428	14,666	(120,439)	22,952,655	1.10%	16,291,548	0.01%
3	2.5	2,962,487	1,981,723	749,555	241,416	(10,207)	(2,949)	234,158	(7,258)	22,641,355	14,813	(187,540)	22,468,628	1.04%	16,060,757	-0.05%
4	3.5	2,992,112	2,041,166	739,537	233,368	(21,959)	(6,344)	217,753	(15,615)	22,239,308	14,960	(260,901)	21,993,367	0.99%	15,829,060	-0.10%
5	4.5	3,590,534	2,102,392	738,817	225,589	523,736	151,307	598,018	372,429	21,843,075	17,953	(337,947)	21,523,081	2.78%	15,992,611	2.33%
6	5.5	3,662,345	2,165,455	733,057	218,070	545,763	157,671	606,162	388,092	21,457,783	18,312	(420,251)	21,055,844	2.88%	16,178,787	2.40%
7	6.5	3,735,592	2,230,409	726,606	210,801	567,776	164,031	614,546	403,745	21,160,083	18,678	(514,230)	20,664,531	2.97%	16,387,346	2.46%
8	7.5	3,810,304	2,297,315	722,755	203,774	586,460	169,428	620,806	417,032	20,874,760	19,051	(614,316)	20,279,495	3.06%	16,615,698	2.51%
9	8.5	4,343,747	2,366,226	720,036	196,982	1,060,503	306,379	951,106	754,124	20,600,869	21,719	(720,388)	19,902,200	4.78%	17,187,432	4.39%
10	9.5	4,604,372	2,437,205	713,532	190,416	1,263,219	364,944	1,088,691	898,275	20,342,387	23,021	(833,753)	19,531,655	5.57%	17,909,396	5.02%
11	10.5	4,696,459	2,510,312	709,758	184,068	1,292,321	373,351	1,103,038	918,970	20,096,781	23,482	(953,841)	19,166,422	5.76%	18,657,932	4.93%
12	11.5	4,790,388	2,585,612	706,843	177,933	1,320,000	381,348	1,116,585	938,652	19,863,390	23,952	(1,080,632)	18,806,710	5.94%	19,431,831	4.83%
13	12.5	5,365,235	2,663,173	705,175	172,002	1,824,885	527,209	1,469,678	1,297,676	19,641,175	26,826	(1,213,998)	18,454,003	7.96%	20,570,246	6.31%
14	13.5	5,472,540	2,743,059	702,855	166,268	1,860,358	537,457	1,489,169	1,322,901	19,430,996	27,363	(1,354,370)	18,103,989	8.23%	21,739,194	6.09%
15	14.5	5,800,892	2,825,342	696,099	160,726	2,118,725	612,100	1,667,351	1,506,625	19,237,507	29,005	(1,503,280)	17,763,232	9.39%	23,096,999	6.52%
16	15.5	6,090,937	2,910,094	693,660	155,368	2,331,816	673,661	1,813,523	1,658,155	18,964,723	30,455	(1,642,747)	17,352,431	10.45%	24,611,294	6.74%
17	16.5	6,090,937	2,997,386	697,356	150,190	2,246,005	648,871	1,747,324	1,597,134	18,694,753	30,455	(1,786,438)	16,938,770	10.32%	26,069,364	6.13%
18	17.5	6,090,937	3,087,297	694,079	145,183	2,154,378	625,289	1,684,272	1,539,089	18,434,682	30,455	(1,931,519)	16,533,618	10.19%	27,474,023	5.60%
19	18.5	6,090,937	3,179,905	686,080	140,344	2,084,608	602,243	1,622,709	1,482,365	18,189,346	30,455	(2,079,367)	16,140,434	10.05%	28,826,440	5.14%
20	19.5	6,334,574	3,275,291	686,880	135,666	2,236,737	646,193	1,726,210	1,590,544	17,950,062	31,672	(2,232,619)	15,749,115	10.96%	30,291,369	5.25%

Deferred Tax

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Market Approach

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Market Approach Summary

	Book Ratios	Purchase Price to Depreciated Original Cost (Book Value)	Indicated Market Value
Comparable Sales			
Depreciated Original Cost (AUS Consultants) OCLD	14,433,434.76	1.5793	22,794,724
Replacement Cost New less Depreciation RCNLD	23,921,472.83	0.9556	22,859,359
Average			22,827,042
Use (RCNLD)			22,859,359

	Market Value per Share to Book Value per Share
Financial Markets	
Market to Book (equity)	2.61
Market to Book (equity and debt)	1.77
Use (equity and debt)	1.77

	Investor Purchaser Owned Value to Depreciated Original Cost (Book Value)	
Market Conclusion		
Steelton Borough (Water) Authority		
AUS Depreciated Original Cost	14,433,435	1.77 25,547,180

	Indicated Value \$s
Market Value	
Minimum	22,794,724
Mean	23,733,754
Median	22,859,359
Maximum	25,547,180
Use (RCNLD)	22,859,359

**Pennsylvania-American Water Company
Steelton Borough (Water) Authority
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As of July 1, 2018**

Comparable Sales Approach

Market Sales Basis

Description	New Garden Wastewater System	McKeesport Wastewater System	Limerick Wastewater System	East Bradford Wastewater Collection System	Sadsbury Wastewater Collection System	Simple Average / Standard Deviation	Remove Outliers Simple Average / Standard Deviation	Weighted Average	Remove Outliers Weighted Average / Standard Deviation	Use
System Description										
Type of System	Wastewater Collection & Treatment	Wastewater Collection & Treatment	Wastewater Collection & Treatment	Wastewater Collection Only	Wastewater Collection Only					
System Attributes										
Purchase Price	29,500,000 11%	159,000,000 57%	75,100,000 27%	5,000,000 2%	9,250,000 3%	100%		277,850,000	272,850,000	
Acquirer	Aqua-PA	PA-American	Aqua-PA	Aqua-PA						
Date										
Customers										
Original Cost										
Depreciated Original Cost (AUS Consultants) OCLD	18,567,728	101,915,080	46,153,867	5,383,591	6,128,876			178,149,142	172,765,551	
Purchase Price to OCLD	1.5888	1.5601	1.6272	0.9287	1.5092	1.4428	1.5713	1.5596	1.5793	1.5793
Variance to Simple Mean	0.146	0.1173	0.1844	-0.5141	0.0664	0.2599	0.043			
Variance to Wtd Mean	0.0292	0.0005	0.0676	-0.6309	-0.0504				0.0168	
Replacement Cost New less Depreciation RCNLD	30,615,410	160,301,491	86,086,756	9,236,581	8,517,587			294,757,825	285,521,244	
Purchase Price to RCNLD	0.9636	0.9919	0.8724	0.5413	1.086	0.891	0.9785	0.9426	0.9556	0.9556
Variance to Simple Mean	0.0726	0.1009	-0.0186	-0.3497	0.195	0.1877				
Variance to Wtd Mean	0.021	0.0493	-0.0702	-0.4013	0.1434	0.2098	0.088		0.0263	

Pennsylvania-American Water Company
 Steelton Borough (Water) Authority
 Water System
 Investor-Owned Utility
 July 1, 2018

Comparable Sales Approach

Financial Basis¹

	Industry Averages	American & Aqua Averages	American States Water	American Water	Aqua America	California Water	Connecticut Water	Middlesex Water	SJW Corp	York
Price per Share			39.23	69.05	31.39	26.59	43.81	31.05	36.41	29.87
Book value per share			12.77	28.25	9.78	13.41	20.02	12.74	18.83	8.52
Market to Book Equity Ratio			3.07	2.44	3.21	1.98	2.19	2.44	1.93	3.51
Minimum	1.93	2.44								
Mean	2.60	2.825		2.44	3.21					
Standard Deviation	0.56	0.385								
Weighted Market to Debt Ratio	2.61		5,396.12	46,004.33	23,553.34	3,614.75	2,316.09	1,583.17	2,131.69	1,649.47
Median	2.44	2.825								
Maximum	3.51	3.21								86,248.96
Debt (Total) \$s millions			325.8	6,544.0	1,795.9	552.5	180.5	144.9	418.9	87.3
Outstanding Shares (millions)			36.50	178.28	176.54	47.88	20.02	16.23	18.83	12.81
Debt per share			8.93	36.71	10.17	11.54	9.02	8.93	22.25	6.81
Equity (Total) \$s millions			1,431.90	12,310.23	5,541.59	1,273.13	877.08	503.94	685.60	382.63
Total Capital (Debt + Equity)			1,757.70	18,854.23	7,337.49	1,825.63	1,057.58	648.84	1,104.50	469.93
			0.05	0.57	0.22	0.06	0.03	0.02	0.03	0.01
										33,055.90
										0.99
Market Value per Share (Equity+Debt)			48.16	105.76	41.56	38.13	52.83	39.98	58.66	36.68
Book Value per Share (Equity+Debt)			21.7	64.96	19.95	24.95	29.04	21.67	41.08	15.33
Market to Book (Total Capital) Ratio			2.22	1.63	2.08	1.53	1.82	1.84	1.43	2.39
Minimum	1.43	1.63								
Mean	1.87	1.855		1.63	2.08					
Standard Deviation	0.32	0.225								
Weighted Market to Book (Debt&Equity) Ratio	1.77		3,902.08	30,732.40	15,261.98	2,793.21	1,924.79	1,193.87	1,579.44	1,123.14
Variance to Wtd Mean	0.0817		0.45	(0.14)	0.31	(0.24)	0.05	0.07	(0.34)	0.62
Median	1.83	1.855								
Maximum	2.39	2.08								58,510.91

1. Value Line Investment Survey July 13, 2018

Pennsylvania-American Water Company
Steelton Borough (Water) Authority
Water System
Investor-Owned Utility
As of July 1, 2018

Comparable Sales Approach

Market Sales Basis

Description	New Garden Wastewater System	McKeesport Wastewater System	Limerick Wastewater System	East Braaford Wastewater Collection System	Sadsbury Wastewater Collection System	Simple Average / Standard Deviation	Remove Outliers / Simple Average / Standard Deviation	Weighted Average	Remove Outliers / Weighted Average / Standard Deviation	Use
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1. Value Line Investment Survey July 13, 2018

Pennsylvania-American Water Company
Steelton Borough (Water) Authority
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Market Approach Summary

Comparable Sales	Book Ratios	Purchase Price to Depreciated Original Cost	Indicated Market Value
Depreciated Original Cost (AUS Consultants) OCLD	14,433,434.76	1.5793	22,794,724
Replacement Cost New Less Depreciation RCNLD Average	23,921,472.83	0.9556	22,859,359
Use (RCNLD)			22,859,359
Market Value per Share to Book Value per Share			
Financial Markets			
Market to Book (equity)	2.61		
Market to Book (equity and debt)	1.77		
Use (equity and debt)	1.77		
Investor Purchaser Owned Value to Depreciated Original Cost (Book Value)			
Market Conclusion			
Steelton Borough (Water) Authority AUS Depreciated Original Cost	14,433,435	1.77	25,547,180
Market Value			Indicated Value \$s
Minimum			22,794,724
Mean			23,733,754
Median			22,859,359
Maximum			25,547,180
Use (RCNLD)			22,859,359