

**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**

Income Approach

**Discounted Cash Flow Analysis
Investor-owned Rate Regulated Water Utility**

Periods 1 through 19 & 20 to perpetuity

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**Pennsylvania-American Water Company
Steelton Borough (Water) Authority
Water System**

**Potential Purchaser: Investor-Owned Utility
As of July 1, 2018**

Discounted Cash Flow Analysis

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
|---------------|------|-----------|--------------|------------------|---------------------------|---------------------------------------------|----------------------------------|----------------------|---------------------------|----------------------|----------------------------------|----------------|-----------------------------|
| Period | Age | Revenues | O&M Expenses | Tax Depreciation | 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 Present Worth Factor (PW) | PW of Cashflow | Accumulated PW of Cashflows |
| | | | | | (3)-(4) | (6)-(5) | (7) * 28.89% | | | (3)-(4)-(8)-(9)-(10) | | (11)*(12) | Sum (13) |
| 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)

19.5
0.264
18.051
4.765

Deferred Tax

Pennsylvania-American Water Company
Steelton 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 | 2,164,378 | 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% |

**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**

**Income Approach
Income Forecast
Investor-owned Rate Regulated Water Utility**

Periods 1 through 19 & 20 to perpetuity

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

| | Base | 1.5 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------------------------------------------------------|-------------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Statement | | | | | | | | | | | |
| Revenues | | | | | | | | | | | |
| Annual Revenue Growth rate | 0.0% | 1.0% | 2.0% | 1.0% | 1.0% | 1.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Subscriber Growth Rate (Annually) | 4.0% | 1.0% | 2.0% | 1.0% | 1.0% | 1.0% | 4.0% | 2.0% | 2.0% | 2.0% | 4.0% |
| Periodic Subscriber Growth | | | | | | | | | | | |
| Rate Case Activities | | | | | | | | | | | |
| Period for Periodic Growth | 5 | | | | | | | | | | |
| Rate Case Activities | | | | | | | | | | | |
| Periodic Rate Case (Years) | | | | | | | | | | | |
| Required Rate Increase | Typically 3 years | 46.31% | 45.63% | 44.76% | 43.87% | 20.67% | 18.99% | 17.49% | 16.14% | 2.80% | 2.17% |
| Proposed Rate Increase | Calculated in DCF | 8.0% | 0.0% | 0.0% | 0.0% | 15.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Revenue Adjustments | Calculated | 9.0% | 1.0% | 1.0% | 1.0% | 20.0% | 2.0% | 2.0% | 2.0% | 2.0% | 6.0% |
| Base and Forecast | 2,664,325 | 2,904,114 | 2,933,155 | 2,962,487 | 2,992,112 | 3,590,534 | 3,662,345 | 3,735,592 | 3,810,304 | 4,343,747 | 4,604,372 |
| Operating Expenses | | | | | | | | | | | |
| Waste & Sewage Collection | 894,391 | 921,223 | 948,860 | 977,326 | 1,006,646 | 1,036,845 | 1,067,950 | 1,099,989 | 1,132,989 | 1,166,979 | 1,201,988 |
| Waste & Sewage Collection Rate of Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Treatment | 795,490 | 819,355 | 843,936 | 869,254 | 895,332 | 922,192 | 949,858 | 978,354 | 1,007,705 | 1,037,936 | 1,069,074 |
| Treatment Rate of Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Sewer Administration | 123,227 | 126,924 | 130,732 | 134,654 | 138,694 | 142,855 | 147,141 | 151,555 | 156,102 | 160,785 | 165,609 |
| Sewer Administration Rate of Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Insurance & Benefits | | | | | | | | | | | |
| Insurance & Benefits Rate of Change | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Property Taxes | 23,921,486 | 478 | 484 | 489 | 494 | 500 | 506 | 511 | 519 | 526 | 534 |
| Begin Plant | | 23,921,479 | 24,184,873 | 24,452,451 | 24,724,286 | 25,000,449 | 25,281,016 | 25,566,061 | 25,931,536 | 26,304,625 | 26,685,494 |
| PT Rate, % of beginning net plant | 0.002% | | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% |
| Book Depreciation (Based on Beginning Year Property Plant & Equipment) | | 756,379 | 756,943 | 749,555 | 738,817 | 739,057 | 736,006 | 722,755 | 720,036 | 715,532 | 710,332 |
| Total Operating Expenses | 2,624,359 | 2,680,955 | 2,731,278 | 2,780,703 | 2,841,209 | 2,898,512 | 2,957,015 | 3,020,070 | 3,086,262 | 3,150,737 | 3,215,532 |
| Cost of Operation as % of Revenues (Calculation) | | 90.4% | 91.4% | 92.2% | 92.9% | 93.1% | 93.1% | 93.1% | 93.1% | 93.1% | 93.1% |
| Operating Expenses less Depreciation | 1,867,980 | 1,924,012 | 1,981,723 | 2,041,166 | 2,102,392 | 2,165,455 | 2,230,409 | 2,297,315 | 2,366,226 | 2,437,205 | 2,510,200 |
| Operating Income | 797,355 | 231,209 | 231,209 | 231,209 | 231,209 | 749,325 | 763,833 | 778,577 | 790,234 | 1,257,885 | 1,453,635 |
| Nonoperating Revenues (Expenses) | | | | | | | | | | | |
| Interest Income | | | | | | | | | | | |
| Interest Expense | | 258,352 | 249,740 | 241,416 | 233,368 | 225,589 | 218,070 | 210,801 | 203,774 | 196,982 | 190,416 |
| Interest Exp as % of Debt | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% | 3.60% |
| Total nonoperating revenues (expenses) | | 258,352.00 | 249,740.00 | 241,416.00 | 233,368.00 | 225,589.00 | 218,070.00 | 210,801.00 | 203,774.00 | 196,982.00 | 190,416.00 |
| Income (loss) before State and Federal Taxes | | 21,403 | 2,460 | (10,207) | (21,959) | 523,736 | 545,763 | 567,776 | 586,460 | 1,060,503 | 1,263,219 |
| State and Federal Taxes | | 6,183 | 711 | (2,949) | (6,344) | 151,307 | 157,671 | 164,031 | 169,428 | 306,379 | 364,944 |
| State and Federal Tax Rate | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% |
| Income After Taxes | | 15,220 | 1,749 | (7,258) | (15,615) | 372,429 | 388,092 | 403,745 | 417,032 | 754,124 | 898,275 |
| Income After Taxes plus Interest | | 273,572 | 251,489 | 234,158 | 217,753 | 598,018 | 606,162 | 614,546 | 620,806 | 951,106 | 1,088,691 |
| Earnings before Interest, Taxes, Depreciation, & Amortization | | 1,036,134 | 1,009,143 | 980,764 | 950,946 | 1,488,142 | 1,496,890 | 1,505,183 | 1,512,989 | 1,977,521 | 2,167,167 |
| Income (loss) before State and Federal Taxes | | 21,403 | 2,460 | (10,207) | (21,959) | 523,736 | 545,763 | 567,776 | 586,460 | 1,060,503 | 1,263,219 |
| Book Depreciation | (756,379) | (756,943) | (749,555) | (738,817) | (739,057) | (736,006) | (733,057) | (722,755) | (720,036) | (715,532) | (710,332) |
| Tax Depreciation | (959,657) | (970,554) | (981,821) | (993,469) | (1,005,506) | (1,017,944) | (1,031,902) | (1,047,193) | (1,063,796) | (1,081,796) | (1,101,935) |
| Difference Tax over Book Depreciation | (203,278) | (213,611) | (223,266) | (232,266) | (240,547) | (247,770) | (254,145) | (260,418) | (266,336) | (271,964) | (277,603) |
| Income Adjusted for Tax Depreciation | (181,875) | (191,140) | (200,561) | (209,013) | (217,001) | (224,770) | (232,291) | (239,643) | (246,530) | (252,964) | (259,933) |
| Income Tax Rate | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% |
| Income Taxes | (52,544) | (61,001) | (70,050) | (79,705) | (90,461) | (102,429) | (115,609) | (129,379) | (143,788) | (158,896) | (174,679) |
| Income After Tax | (129,331) | (130,139) | (130,511) | (131,718) | (132,942) | (134,180) | (135,439) | (136,718) | (138,016) | (139,324) | (140,646) |
| Deferred Income Taxes | (58,727) | (61,712) | (64,801) | (67,996) | (71,297) | (74,704) | (78,216) | (81,834) | (85,458) | (89,087) | (92,721) |
| Accumulated Deferred Income Taxes | (58,727) | (120,439) | (187,540) | (260,901) | (341,197) | (428,301) | (522,117) | (622,651) | (729,909) | (843,992) | (964,813) |
| Income After Taxes (Book Depreciation) Plus Deferred Taxes | 15,220 | 1,749 | (7,258) | (15,615) | 372,429 | 388,092 | 403,745 | 417,032 | 432,274 | 754,124 | 898,275 |
| Plus Interest | (58,727) | (61,712) | (64,801) | (67,996) | (71,297) | (74,704) | (78,216) | (81,834) | (85,458) | (89,087) | (92,721) |
| After Tax Income Debt Free | 332,299 | 313,201 | 301,259 | 291,114 | 275,589 | 675,064 | 688,466 | 708,525 | 720,892 | 1,057,178 | 1,202,056 |

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

| | Base | 1.5 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|---------------------------------------------------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Statement | | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | |
| Annual Revenue Growth rate | 0.0% | 1.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Subscriber Growth Rate (Annually) | 4.0% | 1.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Periodic Subscriber Growth | 5 | | | | | | | | | | | |
| Rate Case Activities | | | | | | | | | | | | |
| Periodic Rate Case (Years) | Typically 3 years | | | | | | | | | | | |
| Required Rate Increase | Calculated in DCF | | | | | | | | | | | |
| Proposed Rate Increase | Calculated in DCF | | | | | | | | | | | |
| Total Revenue Adjustments | Calculated | | | | | | | | | | | |
| Base and Forecast | 2,664,325 | 4,696,459 | 4,790,388 | 5,365,235 | 5,472,540 | 5,800,892 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,334,574 |
| Operating Expenses | | | | | | | | | | | | |
| Waste & Sewage Collection | 894,391 | 1,238,048 | 1,275,189 | 1,313,445 | 1,352,848 | 1,393,433 | 1,435,236 | 1,478,293 | 1,522,642 | 1,568,321 | 1,568,321 | 1,615,371 |
| Waste & Sewage Collection Rate of Change | | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Treatment | 795,490 | 1,101,146 | 1,134,180 | 1,168,205 | 1,203,251 | 1,239,349 | 1,276,519 | 1,314,825 | 1,354,270 | 1,394,898 | 1,394,898 | 1,436,745 |
| Treatment Rate of Change | | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Sewer Administration | 113,227 | 170,577 | 175,694 | 180,665 | 186,394 | 191,986 | 197,746 | 203,678 | 209,788 | 216,082 | 216,082 | 222,564 |
| Sewer Administration Rate of Change | | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Insurance & Benefits | | | | | | | | | | | | |
| Insurance & Benefits Rate of Change | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Property Taxes | 23,921,486 | | | | | | | | | | | |
| Property Taxes | 541 | 27,074,317 | 27,471,272 | 27,876,535 | 28,290,294 | 28,712,737 | 29,144,059 | 29,584,268 | 29,846,720 | 30,206,608 | 30,572,334 | 30,572,334 |
| Begin Plant | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% | 0.002% |
| Book Depreciation (based on Beginning Year Property | | | | | | | | | | | | |
| FT Rate % of beginning net plant | | | | | | | | | | | | |
| Plant & Equipment | | 709,758 | 706,843 | 705,175 | 702,855 | 696,099 | 693,660 | 694,079 | 686,080 | 685,985 | 686,080 | 686,880 |
| Plant & Equipment Rate of Change | | 3,220,070 | 3,292,455 | 3,368,348 | 3,445,914 | 3,521,441 | 3,603,754 | 3,694,742 | 3,781,376 | 3,865,985 | 3,865,985 | 3,962,171 |
| Total Operating Expenses | | 68.6% | 68.7% | 68.8% | 68.9% | 69.0% | 69.1% | 69.2% | 69.3% | 69.4% | 69.5% | 69.6% |
| Cost of Operation as % of Revenues (Calculation) | | 2,510,312 | 2,585,612 | 2,663,173 | 2,743,059 | 2,825,342 | 2,910,094 | 2,997,386 | 3,087,297 | 3,179,905 | 3,179,905 | 3,276,391 |
| Operating Expenses less Depreciation | | 1,476,389 | 1,497,933 | 1,596,887 | 1,626,626 | 1,660,451 | 1,698,184 | 1,739,195 | 1,783,561 | 1,831,952 | 1,831,952 | 1,880,511 |
| Operating Income | | 1,292,321 | 1,320,000 | 1,484,885 | 1,860,358 | 2,118,725 | 2,331,816 | 2,246,005 | 2,164,378 | 2,084,608 | 2,084,608 | 2,236,737 |
| Nonoperating Revenues (Expenses) | | | | | | | | | | | | |
| Interest Income | | 184,068 | 177,933 | 172,002 | 166,268 | 160,726 | 155,368 | 150,190 | 145,183 | 140,344 | 140,344 | 135,666 |
| Interest Expense | 3.60% | 184,068 | 177,933 | 172,002 | 166,268 | 160,726 | 155,368 | 150,190 | 145,183 | 140,344 | 140,344 | 135,666 |
| Interest Exp as % of Debt | | | | | | | | | | | | |
| Total nonoperating revenues (expenses) | | | | | | | | | | | | |
| Income (loss) before State and Federal Taxes | | 1,292,321 | 1,320,000 | 1,484,885 | 1,860,358 | 2,118,725 | 2,331,816 | 2,246,005 | 2,164,378 | 2,084,608 | 2,084,608 | 2,236,737 |
| State and Federal Taxes | | 373,351 | 381,348 | 527,209 | 537,457 | 612,100 | 673,661 | 648,871 | 625,289 | 602,243 | 602,243 | 646,193 |
| State and Federal Tax Rate | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% |
| Income After Taxes | | 918,970 | 938,652 | 1,297,676 | 1,322,901 | 1,506,625 | 1,658,155 | 1,597,134 | 1,539,089 | 1,482,365 | 1,482,365 | 1,590,544 |
| Income After Taxes plus Interest | | 1,103,038 | 1,116,585 | 1,469,678 | 1,489,169 | 1,667,351 | 1,813,523 | 1,747,324 | 1,684,272 | 1,622,709 | 1,622,709 | 1,726,210 |
| Earnings before Interest, Taxes, Depreciation, & Amortization | | 2,186,147 | 2,204,776 | 2,702,062 | 2,729,481 | 2,975,550 | 3,180,843 | 3,093,551 | 3,003,640 | 2,911,032 | 2,911,032 | 3,059,283 |
| Income (loss) before State and Federal Taxes | | 1,292,321 | 1,320,000 | 1,484,885 | 1,860,358 | 2,118,725 | 2,331,816 | 2,246,005 | 2,164,378 | 2,084,608 | 2,084,608 | 2,236,737 |
| Book Depreciation | | (709,758) | (706,843) | (705,175) | (702,855) | (696,099) | (693,660) | (694,079) | (686,080) | (685,985) | (686,080) | (686,880) |
| Tax Depreciation | | (1,125,414) | (1,145,717) | (1,166,810) | (1,188,740) | (1,211,535) | (1,239,349) | (1,276,519) | (1,314,825) | (1,354,270) | (1,354,270) | (1,436,745) |
| Difference Tax over Book Depreciation | | (415,675) | (438,873) | (461,635) | (485,885) | (515,436) | (549,759) | (589,514) | (630,447) | (678,662) | (678,662) | (750,465) |
| Income Adjusted for Tax Depreciation | | 876,645 | 883,126 | 1,364,250 | 1,374,473 | 1,603,289 | 1,849,061 | 1,747,620 | 1,664,563 | 1,539,089 | 1,539,089 | 1,726,210 |
| Income Tax Rate | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% | 28.89% |
| Income Taxes | | 253,263 | 254,557 | 393,843 | 397,085 | 463,190 | 534,194 | 505,180 | 480,208 | 454,395 | 454,395 | 492,941 |
| Income After Tax | | 623,382 | 628,569 | 969,407 | 977,388 | 1,140,099 | 1,314,867 | 1,242,440 | 1,183,881 | 1,118,451 | 1,118,451 | 1,233,269 |
| Deferred Income Taxes | | (120,888) | (126,791) | (133,866) | (140,372) | (148,910) | (159,467) | (167,324) | (173,693) | (179,848) | (179,848) | (187,848) |
| Accumulated Deferred Income Taxes | | (953,841) | (1,080,632) | (1,213,998) | (1,354,370) | (1,503,280) | (1,642,747) | (1,786,438) | (1,931,519) | (2,079,367) | (2,079,367) | (2,232,619) |
| Income After Taxes (Book Depreciation) | | 918,970 | 938,652 | 1,297,676 | 1,322,901 | 1,506,625 | 1,658,155 | 1,597,134 | 1,539,089 | 1,482,365 | 1,482,365 | 1,590,544 |
| Plus Deferred Taxes | | (120,888) | (126,791) | (133,866) | (140,372) | (148,910) | (159,467) | (167,324) | (173,693) | (179,848) | (179,848) | (187,848) |
| Plus Interest | | 184,068 | 177,933 | 172,002 | 166,268 | 160,726 | 155,368 | 150,190 | 145,183 | 140,344 | 140,344 | 135,666 |
| After Tax Income Debt Free | | 1,223,126 | 1,243,376 | 1,603,044 | 1,629,541 | 1,816,261 | 1,952,990 | 1,891,015 | 1,829,353 | 1,770,557 | 1,770,557 | 1,879,462 |

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

| | Base | 1.5 | 6.15 | 15 & beyond | Average Period 1.6 | All Periods |
|------------------------------------------------------------------------|-------------------|-----------|-----------|-------------|-----------------------|-------------|
| Income Statement | | | | | | |
| Revenues | | | | | | |
| Annual Revenue Growth rate | 0.0% | 1.0% | 2.0% | 0.0% | | |
| Subscriber Growth Rate (Annually) | | | | | | |
| Periodic Subscriber Growth | 4.0% | | | | | |
| Period for Periodic Growth | 5 | | | | | |
| Rate Case Activities | | | | | | |
| Periodic Rate Case (years) | Typically 3 years | | | | | |
| Required Rate Increase | Calculated in DCF | | | | | |
| Proposed Rate Increase | Calculated in DCF | | | | | |
| Total Revenue Adjustments | Calculated | | | | | |
| Base and Forecast | 2,664,325 | 2,904,114 | 3,076,480 | 4,470,145 | | |
| Operating Expenses | | | | | | |
| Waste & Sewage Collection | 894,391 | 3% | 3% | 3% | | |
| Waste & Sewage Collection Rate of Change | | | | | | |
| Treatment | 795,490 | 3% | 3% | 3% | | |
| Treatment Rate of Change | | | | | | |
| Sewer Administration | 123,227 | 3% | 3% | 3% | | |
| Sewer Administration Rate of Change | | | | | | |
| Insurance & Benefits | | 3.0% | 3.0% | 3.0% | | |
| Insurance & Benefits Rate of Change | | | | | | |
| Property Taxes | 23,921,486 | 3.0% | 3.0% | 3.0% | | |
| Begin Plant | | | | | | |
| PT Rate % of beginning net plant | 0.002% | | | | | |
| Book Depreciation (based on Beginning Year Property Plant & Equipment) | | | | | | |
| Total Operating Expenses | | | | | | |
| Cost of Operation as % of Revenues (Calculation) | | | | | | |
| Operating Expenses less Depreciation | | | | | | |
| Operating Income | | | | | | |
| Nonoperating Revenues (Expenses) | | | | | | |
| Interest Income | | | | | | |
| Interest Expense | | | | | | |
| Interest Exp as % of Debt | 3.60% | | | | | |
| Total nonoperating revenues (expenses) | | | | | | |
| Income (loss) before State and Federal Taxes | | | | | | |
| State and Federal Taxes | 28.89% | 15,220 | 73,305 | 780,383 | | |
| Income After Taxes | | | | | | |
| Income After Taxes plus interest | | | | | | |
| Earnings before Interest, Taxes, Depreciation, & Amortization | | 1,036,134 | 1,089,026 | 2,013,655 | | |
| Income (loss) before State and Federal Taxes | | | | | | |
| Book Depreciation | | | | | | |
| Tax Depreciation | | | | | | |
| Difference Tax over Book Depreciation | | | | | | |
| Income Adjusted for Tax Depreciation | | | | | | |
| Income Tax Rate | | | | | | |
| Income Taxes | | | | | | |
| Income After Tax | | | | | | |
| Deferred Income Taxes | | | | | | |
| Accumulated Deferred Income Taxes | | | | | | |
| Income After Taxes (Book Depreciation) | | | | | | |
| Plus Deferred Taxes | | | | | | |
| After Tax Income Debt Free | | | | | | |

**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**

**Income Approach
Balance Statement Forecast
Investor-owned Rate Regulated Water Utility
Periods 1 through 19 & 20 to perpetuity**

**AUS Consultants
Suite 201
8555 West Forest Home Avenue
Greenfield, Wisconsin 53228
Office Telephone: 414-529-5755
J. Weinert's Cell: 414-698-8371
J. Weinert's E-Mail: weinertj@auswest.net**

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

| Balance Statement Liabilities | Base | Periods: | | | | | | | |
|---------------------------------------------------------------|--------------|----------|-------|-------------|-------|-------|--------------|--------------|--------------|
| | | 1-5 | 6-15 | 16 & beyond | 1 | 2 | 3 | 4 | 5 |
| Current Liabilities | 39,965 | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 44,437 | 44,882 | 53,858 |
| Current Liabilities | | | | | | | 1.50% | 1.50% | 1.50% |
| CL as % of Revenues | | | | | | | | | |
| Noncurrent Liabilities | 7,176,443.83 | | | | | | 6,705,987.83 | 6,482,454.83 | 6,266,372.83 |
| Long Term Debt, Notes payable, net of current portion Begin | | | | | | | | | |
| Additional Debt | | | | | | | | | |
| Debt Repayment | | | | | | | | | |
| Debt Repayment years | 30.00 | | | | | | (233,533) | (216,082) | (208,879) |
| End Long Term Debt, Notes payable, net of current portion End | | | | | | | 30.00 | 30.00 | 30.00 |
| Total noncurrent liabilities | | | | | | | 6,482,454.83 | 6,266,372.83 | 6,057,493.83 |
| Deferred Tax Liabilities | | | | | | | | | |
| Begin Balance | | | | | | | 58,727 | 187,540 | 260,901 |
| Additions to Deferred Asset | | | | | | | 61,712 | 73,361 | 77,046 |
| Total Deferred Tax Liability | | | | | | | 120,439 | 260,901 | 337,947 |
| Total Liabilities | 7,039,517.83 | | | | | | 6,714,431.83 | 6,572,155.83 | 6,449,298.83 |
| Equity | | | | | | | | | |
| Proportion of Capital | 70% | | | | | | | | |
| Beginning Equity Capital | 16,745,035 | | | | | | 16,291,548 | 16,060,757 | 15,829,060 |
| Additions to Equity (Retained Earnings) | | | | | | | (230,791) | (231,697) | 163,550 |
| Deductions from Equity | 0 | | | | | | 0 | 0 | 0 |
| Ending Equity Capital | | | | | | | 16,060,757 | 15,829,060 | 15,992,611 |
| Operating Income | | | | | | | 231,209 | 211,409 | 749,325 |
| Return On Equity | | | | | | | 1.44% | 1.34% | 4.69% |
| Total Liabilities & Stockholders Equity | 23,560,557 | | | | | | 22,775,189 | 22,401,216 | 22,441,909 |
| Assets less Liabilities & Stockholders Equity | (14,662) | | | | | | (74,584) | (102,066) | (527,023) |

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

| Balance Statement | Base | Periods: | | | | | 10 | | |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----|---|---|
| | | 1-5 | 6-15 | 16 & beyond | 6 | 7 | | 8 | 9 |
| Liabilities | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| CL as % of Revenues | 39,965 1.50% | 54,935 1.50% | 56,034 1.50% | 57,155 1.50% | 65,156 1.50% | 69,066 1.50% | | | |
| Noncurrent Liabilities | | | | | | | | | |
| Long Term Debt, Notes payable, net of current portion | 7,176,443.83 | 6,057,493.83 | 5,855,577.83 | 5,660,391.83 | 5,471,711.83 | 5,289,321.83 | | | |
| Additional Debt | | (201,916) | (195,186) | (188,680) | (182,390) | (176,311) | | | |
| Debt Repayment | | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | | | |
| Debt Repayment years | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | | | |
| End Long Term Debt, Notes payable, net of current portion | | 5,855,577.83 | 5,660,391.83 | 5,471,711.83 | 5,289,321.83 | 5,113,010.83 | | | |
| Total noncurrent liabilities | | | | | | | | | |
| Deferred Tax Liabilities | | | | | | | | | |
| Begin Balance | | 337,947 | 420,251 | 514,230 | 614,316 | 720,388 | | | |
| Additions to Deferred Asset | | 82,304 | 93,979 | 100,086 | 106,072 | 113,365 | | | |
| Total Deferred Tax Liability | | 420,251 | 514,230 | 614,316 | 720,388 | 833,753 | | | |
| Total Liabilities | | 6,330,763.83 | 6,230,655.83 | 6,143,182.83 | 6,074,865.83 | 6,015,829.83 | | | |
| Equity | | | | | | | | | |
| Proportion of Capital | 70% | | | | | | | | |
| Beginning Equity Capital | | 15,992,611 | 16,178,787 | 16,387,346 | 16,615,698 | 17,187,432 | | | |
| Additions to Equity (Retained Earnings) | | 186,176 | 208,559 | 228,352 | 571,734 | 721,964 | | | |
| Deductions from Equity | | 0 | 0 | 0 | 0 | 0 | | | |
| Ending Equity Capital | | 16,178,787 | 16,387,346 | 16,615,698 | 17,187,432 | 17,909,396 | | | |
| Operating Income | | 763,833 | 778,577 | 790,234 | 1,257,485 | 1,453,635 | | | |
| Return On Equity | | 4.72% | 4.75% | 4.76% | 7.32% | 8.12% | | | |
| Total Liabilities & Stockholders Equity | | 22,509,551 | 22,618,002 | 22,758,881 | 23,262,298 | 23,925,226 | | | |
| Assets less Liabilities & Stockholders Equity | | (978,521) | (1,383,207) | (1,807,915) | (2,574,554) | (3,490,752) | | | |

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

| Balance Statement | Base | Periods: | | | | | | | | | | | |
|-----------------------------------------------------------|--------------|----------|--------------|-------------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|--|
| | | 1-5 | 6-15 | 16 & beyond | 11 | 12 | 13 | 14 | 15 | | | | |
| Liabilities | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | |
| Current Liabilities | 39,965 | 1.50% | 70,447 | 1.50% | 71,856 | 1.50% | 80,479 | 1.50% | 82,088 | 1.50% | 87,013 | 1.50% | |
| Cl. as % of Revenues | | 1.50% | | 1.50% | | 1.50% | | 1.50% | | 1.50% | | 1.50% | |
| Noncurrent Liabilities | | | | | | | | | | | | | |
| Long Term Debt, Notes payable, net of current portion | 7,176,443.83 | | 5,113,010.83 | | 4,942,576.83 | | 4,777,823.83 | | 4,618,562.83 | | 4,464,610.83 | | |
| Additional Debt | | | (170,434) | | (164,753) | | (159,261) | | (153,952) | | (148,820) | | |
| Debt Repayment | | | 30.00 | | 30.00 | | 30.00 | | 30.00 | | 30.00 | | |
| Debt Repayment years | 30.00 | | | | | | | | | | | | |
| End Long Term Debt, Notes payable, net of current portion | | | 4,942,576.83 | | 4,777,823.83 | | 4,618,562.83 | | 4,464,610.83 | | 4,315,790.83 | | |
| Total noncurrent liabilities | | | | | | | | | | | | | |
| Deferred Tax Liabilities | | | | | | | | | | | | | |
| Begin Balance | | | 833,753 | | 953,841 | | 1,080,632 | | 1,213,998 | | 1,354,370 | | |
| Additions to Deferred Asset | | | 120,088 | | 126,791 | | 133,366 | | 140,372 | | 148,910 | | |
| Total Deferred Tax Liability | | | 953,841 | | 1,080,632 | | 1,213,998 | | 1,354,370 | | 1,503,280 | | |
| Total Liabilities | | | 5,966,864.83 | | 5,930,311.83 | | 5,913,039.83 | | 5,901,068.83 | | 5,906,083.83 | | |
| Equity | | | | | | | | | | | | | |
| Proportion of Capital | 70% | | | | | | | | | | | | |
| Beginning Equity Capital | 16,745,035 | | 17,909,396 | | 18,657,932 | | 19,431,831 | | 20,570,246 | | 21,739,194 | | |
| Additions to Equity (Retained Earnings) | | | 748,536 | | 773,899 | | 1,138,415 | | 1,168,949 | | 1,357,805 | | |
| Deductions from Equity | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | |
| Ending Equity Capital | | | 18,657,932 | | 19,431,831 | | 20,570,246 | | 21,739,194 | | 23,096,999 | | |
| Operating Income | | | 1,476,389 | | 1,497,933 | | 1,996,887 | | 2,026,626 | | 2,279,451 | | |
| Return On Equity | | | 7.91% | | 7.71% | | 9.71% | | 9.32% | | 9.87% | | |
| Total Liabilities & Stockholders Equity | | | 24,624,797 | | 25,362,143 | | 26,483,286 | | 27,640,263 | | 29,003,083 | | |
| Assets less Liabilities & Stockholders Equity | | | (4,434,087) | | (5,402,945) | | (6,734,806) | | (8,099,816) | | (9,649,558) | | |

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

| Balance Statement | Base | Periods: | | | | | | | | | | | | | |
|-----------------------------------------------------------|--------------|----------|-------|-------------|-------|-------|--------------|-------|--------------|-------|--------------|-------|--------------|--|--------------|
| | | 1-5 | 6-15 | 16 & beyond | 16 | 17 | 18 | 19 | 20 | | | | | | |
| Liabilities | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | |
| Current Liabilities | 39,965 | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 91,364 | 1.50% | 91,364 | 1.50% | 95,019 | 1.50% | | | |
| CL as % of Revenues | | | | | | | | | | | | | | | |
| Noncurrent Liabilities | | | | | | | | | | | | | | | |
| Long Term Debt, Notes payable, net of current portion | 7,176,443.83 | | | | | | 4,315,790.83 | | 4,171,930.83 | | 4,032,866.83 | | 3,898,437.83 | | 3,768,489.83 |
| Additional Debt | | | | | | | (143,860) | | (139,064) | | (134,429) | | (129,948) | | (125,616) |
| Debt Repayment | | | | | | | 30.00 | | 30.00 | | 30.00 | | 30.00 | | 30.00 |
| Debt Repayment years | | | | | | | | | | | | | | | |
| End Long Term Debt, Notes payable, net of current portion | | | | | | | 4,171,930.83 | | 4,032,866.83 | | 3,898,437.83 | | 3,768,489.83 | | 3,642,873.83 |
| Total noncurrent liabilities | | | | | | | | | | | | | | | |
| Deferred Tax Liabilities | | | | | | | | | | | | | | | |
| Begin Balance | | | | | | | 1,503,280 | | 1,642,747 | | 1,786,438 | | 1,931,519 | | 2,079,367 |
| Additions to Deferred Asset | | | | | | | 139,467 | | 143,691 | | 145,081 | | 147,848 | | 153,252 |
| Total Deferred Tax Liability | | | | | | | 1,642,747 | | 1,786,438 | | 1,931,519 | | 2,079,367 | | 2,232,619 |
| Total Liabilities | | | | | | | 5,906,041.83 | | 5,910,668.83 | | 5,921,320.83 | | 5,939,220.83 | | 5,970,511.83 |
| Equity | | | | | | | | | | | | | | | |
| Proportion of Capital | | | | | | | 70% | | | | | | | | |
| Beginning Equity Capital | | | | | | | 16,745,035 | | 24,611,294 | | 26,069,364 | | 27,474,023 | | 28,826,440 |
| Additions to Equity (Retained Earnings) | | | | | | | 1,514,295 | | 1,458,070 | | 1,404,660 | | 1,352,417 | | 1,464,928 |
| Deductions from Equity | | | | | | | 0 | | 0 | | 0 | | 0 | | 0 |
| Ending Equity Capital | | | | | | | 24,611,294 | | 26,069,364 | | 27,474,023 | | 28,826,440 | | 30,291,369 |
| Operating Income | | | | | | | 2,487,184 | | 2,396,195 | | 2,309,561 | | 2,224,952 | | 2,372,403 |
| Return On Equity | | | | | | | 10.11% | | 9.19% | | 8.41% | | 7.72% | | 7.83% |
| Total Liabilities & Stockholders Equity | | | | | | | 30,517,336 | | 31,980,032 | | 33,395,344 | | 34,765,661 | | 36,261,881 |
| Assets less Liabilities & Stockholders Equity | | | | | | | (11,430,794) | | (13,163,460) | | (14,838,843) | | (16,454,496) | | (18,185,128) |

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

| | Base | 1-5 | Periods: 6-15 | 16 & beyond | Average |
|---------------------------------------------------------------|--------------|-------|------------------|-------------|---------|
| Balance Statement | | | | | |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Current Liabilities | 39,965 | 1.50% | 1.50% | 1.50% | 1.50% |
| CL as % of Revenues | | | | | |
| Noncurrent Liabilities | | | | | |
| Long Term Debt, Notes payable, net of current portion Begin | 7,176,443.83 | | | | |
| Additional Debt | | | | | |
| Debt Repayment | | | | | |
| Debt Repayment years | 30.00 | | | | |
| End Long Term Debt, Notes payable, net of current portion End | | | | | |
| Total noncurrent liabilities | | | | | |
| Deferred Tax Liabilities | | | | | |
| Begin Balance | | | | | |
| Additions to Deferred Asset | | | | | |
| Total Deferred Tax Liability | | | | | |
| Total Liabilities | | | | | |
| Equity | | | | | |
| Proportion of Capital | 70% | | | | |
| Beginning Equity Capital | 16,745,035 | | | | |
| Additions to Equity (Retained Earnings) | | | | | |
| Deductions from Equity | 0 | | | | |
| Ending Equity Capital | | | | | |
| Operating Income | | | | | |
| Return On Equity | | | | | |
| Total Liabilities & Stockholders Equity | | | | | |
| Assets less Liabilities & Stockholders Equity | | | | | |

**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**

**Income Approach
Balance Statement Forecast - Assets
Investor-owned Rate Regulated Water Utility**

Periods 1 through 19 & 20 to perpetuity

**AUS Consultants
Suite 201
8555 West Forest Home Avenue
Greenfield, Wisconsin 53228
Office Telephone: 414-529-5755
J. Weinert's Cell: 414-698-8371
J. Weinert's E-Mail: weinertj@auswest.net**

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

| | Base | 1-5 | 6-15 | 16 & beyond | 1 | 2 | 3 | 4 | 5 | 6 |
|---------------------------------------------------|-------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Balance Statement | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Current Asset Balance | | 58,082 | 58,663 | 59,250 | 59,842 | 71,811 | | | | 73,247 |
| CA as % of Revenues | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | | | | 2.00% |
| Balance Statement | | | | | | | | | | |
| Property Plant & Equipment | | | | | | | | | | |
| Total PP&E | | | | | | | | | | |
| Begin Balance | | 23,921,478.83 | 24,184,872.83 | 24,452,450.83 | 24,724,285.83 | 25,000,448.83 | 25,281,015.83 | 25,566,060.83 | 25,847,164.00 | 26,132,308.83 |
| Additions | | 322,714.00 | 327,557.00 | 332,482.00 | 337,490.00 | 342,584.00 | 347,664.00 | 352,748.00 | 357,832.00 | 362,916.00 |
| Retirements | | (59,320.00) | (59,979.00) | (60,647.00) | (61,327.00) | (62,017.00) | (62,719.00) | (63,437.00) | (64,162.00) | (64,893.00) |
| End Balance | | 23,921,478.83 | 24,184,872.83 | 24,452,450.83 | 24,724,285.83 | 25,000,448.83 | 25,281,015.83 | 25,566,060.83 | 25,847,164.00 | 26,132,308.83 |
| End Balance Check | | | | | | | | | | |
| Book Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total Book Depreciation | | | | | | | | | | |
| Begin Balance | | (756,379.41) | (697,059.41) | (749,554.78) | (739,536.65) | (738,816.81) | (733,056.73) | (727,296.65) | (721,546.57) | (715,796.49) |
| Depreciation | | 59,320.00 | 59,979.00 | 60,647.00 | 61,327.00 | 62,017.00 | 62,719.00 | 63,437.00 | 64,162.00 | 64,893.00 |
| Retirements | | (697,059.41) | (1,394,023.10) | (2,082,930.88) | (2,761,140.53) | (3,437,940.34) | (4,108,278.07) | (4,783,615.80) | (5,458,953.53) | (6,134,291.26) |
| End Balance | | (756,379.41) | (697,059.41) | (749,554.78) | (739,536.65) | (738,816.81) | (733,056.73) | (727,296.65) | (721,546.57) | (715,796.49) |
| End Balance Check | | | | | | | | | | |
| Net Plant | | | | | | | | | | |
| Begin Balance | | 23,921,478.83 | 23,487,813.42 | 23,058,427.73 | 22,641,354.95 | 22,239,308.30 | 21,843,075.49 | 21,457,782.76 | 21,072,490.25 | 20,687,197.53 |
| End Balance | | 23,487,813.42 | 23,058,427.73 | 22,641,354.95 | 22,239,308.30 | 21,843,075.49 | 21,457,782.76 | 21,072,490.25 | 20,687,197.53 | 20,301,906.04 |
| Total Asset | | | | | | | | | | |
| Tax Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total MACRS Depreciation | | | | | | | | | | |
| Begin Balance | | (959,656.91) | (970,553.75) | (981,821.15) | (993,468.63) | (1,005,506.35) | (1,017,944.15) | (1,030,381.87) | (1,042,819.67) | (1,055,257.47) |
| Depreciation | | 59,320.00 | 59,979.00 | 60,647.00 | 61,327.00 | 62,017.00 | 62,719.00 | 63,437.00 | 64,162.00 | 64,893.00 |
| Retirements | | (900,336.91) | (910,574.75) | (921,174.15) | (932,141.63) | (943,489.35) | (955,225.15) | (967,459.95) | (979,695.75) | (991,931.55) |
| End Balance | | (900,336.91) | (910,574.75) | (921,174.15) | (932,141.63) | (943,489.35) | (955,225.15) | (967,459.95) | (979,695.75) | (991,931.55) |
| End Balance Check | | | | | | | | | | |
| Net Plant | | | | | | | | | | |
| Begin Balance | | 23,921,478.83 | 24,184,872.83 | 24,452,450.83 | 24,724,285.83 | 25,000,448.83 | 25,281,015.83 | 25,566,060.83 | 25,847,164.00 | 26,132,308.83 |
| End Balance | | 23,284,535.92 | 23,541,876.08 | 23,803,111.68 | 24,068,307.20 | 24,337,526.48 | 24,606,745.76 | 24,875,965.04 | 25,145,184.32 | 25,414,403.60 |
| Tax Book | | | | | | | | | | |
| Begin Balance | | (959,656.91) | (970,553.75) | (981,821.15) | (993,468.63) | (1,005,506.35) | (1,017,944.15) | (1,030,381.87) | (1,042,819.67) | (1,055,257.47) |
| End Balance | | (959,656.91) | (970,553.75) | (981,821.15) | (993,468.63) | (1,005,506.35) | (1,017,944.15) | (1,030,381.87) | (1,042,819.67) | (1,055,257.47) |

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

| | Base | 1-5 | 6-15 | 16 & beyond | 7 | 8 | 9 | 10 | 11 | 12 |
|---------------------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Balance Statement | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Current Asset Balance | | | | | 74,712 | 76,206 | 86,875 | 92,087 | 93,929 | 95,808 |
| CA as % of Revenues | | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Balance Statement | 53,287 | | | | | | | | | |
| Property Plant & Equipment | | | | | | | | | | |
| Total PP&E | | | | | | | | | | |
| Begin Balance | | 25,931,535.83 | 25,931,535.83 | 26,304,624.83 | 25,566,060.83 | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 27,074,316.83 | 27,471,271.83 |
| Additions | | 429,390.00 | 437,917.00 | 446,631.00 | 429,390.00 | 437,917.00 | 446,631.00 | 455,537.00 | 464,640.00 | 473,942.00 |
| Retirements | | (63,915.00) | (64,828.00) | (65,762.00) | (63,915.00) | (64,828.00) | (65,762.00) | (66,714.00) | (67,685.00) | (68,679.00) |
| End Balance | 23,921,478.83 | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 27,074,316.83 | 27,471,271.83 | 27,876,534.83 |
| End Balance Check | | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 27,074,316.83 | 27,471,271.83 | 27,876,534.83 |
| Book Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total Book Depreciation | | | | | | | | | | |
| Begin Balance | | (4,108,278.07) | (4,771,452.66) | (5,429,864.68) | (4,108,278.07) | (4,771,452.66) | (5,429,864.68) | (6,084,624.76) | (6,731,929.77) | (7,374,491.04) |
| Depreciation | | (726,605.59) | (722,755.02) | (720,036.08) | (726,605.59) | (722,755.02) | (720,036.08) | (713,532.01) | (709,758.27) | (706,843.15) |
| Retirements | | 63,431.00 | 64,343.00 | 65,276.00 | 63,431.00 | 64,343.00 | 65,276.00 | 66,227.00 | 67,197.00 | 68,189.00 |
| End Balance | | (4,771,452.66) | (5,429,864.68) | (6,084,624.76) | (4,771,452.66) | (5,429,864.68) | (6,084,624.76) | (6,731,929.77) | (7,374,491.04) | (8,013,145.19) |
| End Balance Check | | (4,771,452.66) | (5,429,864.68) | (6,084,624.76) | (4,771,452.66) | (5,429,864.68) | (6,084,624.76) | (6,731,929.77) | (7,374,491.04) | (8,013,145.19) |
| Net Plant | | | | | | | | | | |
| Begin Balance | | 21,457,782.76 | 21,160,083.17 | 20,874,760.15 | 21,457,782.76 | 21,160,083.17 | 20,874,760.15 | 20,600,869.07 | 20,342,387.06 | 20,096,780.79 |
| End Balance | | 21,160,083.17 | 20,874,760.15 | 20,600,869.07 | 21,160,083.17 | 20,874,760.15 | 20,600,869.07 | 20,342,387.06 | 20,096,780.79 | 19,863,389.64 |
| Total Asset | | | | | | | | | | |
| Tax Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total MACRS Depreciation | | | | | | | | | | |
| Begin Balance | | (1,051,901.99) | (1,069,192.87) | (1,087,196.03) | (1,051,901.99) | (1,069,192.87) | (1,087,196.03) | (1,105,934.51) | (1,125,433.55) | (1,145,716.51) |
| Depreciation | | | | | | | | | | |
| Retirements | | 63,915.00 | 64,828.00 | 65,762.00 | 63,915.00 | 64,828.00 | 65,762.00 | 66,714.00 | 67,685.00 | 68,679.00 |
| End Balance | | (987,986.99) | (1,004,364.87) | (1,021,434.03) | (987,986.99) | (1,004,364.87) | (1,021,434.03) | (1,039,220.51) | (1,057,748.55) | (1,077,037.51) |
| End Balance Check | | (987,986.99) | (1,004,364.87) | (1,021,434.03) | (987,986.99) | (1,004,364.87) | (1,021,434.03) | (1,039,220.51) | (1,057,748.55) | (1,077,037.51) |
| Net Plant | | | | | | | | | | |
| Begin Balance | | 25,566,060.83 | 25,931,535.83 | 26,304,624.83 | 25,566,060.83 | 25,931,535.83 | 26,304,624.83 | 26,685,493.83 | 27,074,316.83 | 27,471,271.83 |
| End Balance | | 24,943,548.84 | 25,300,259.96 | 25,664,059.80 | 24,943,548.84 | 25,300,259.96 | 25,664,059.80 | 26,035,096.32 | 26,413,523.28 | 26,799,497.32 |
| Tax Book | | | | | | | | | | |
| Begin Balance | | (1,051,901.99) | (1,069,192.87) | (1,087,196.03) | (1,051,901.99) | (1,069,192.87) | (1,087,196.03) | (1,105,934.51) | (1,125,433.55) | (1,145,716.51) |
| End Balance | | (726,605.59) | (722,755.02) | (720,036.08) | (726,605.59) | (722,755.02) | (720,036.08) | (713,532.01) | (709,758.27) | (706,843.15) |
| End Balance Check | | (325,296.40) | (346,437.85) | (367,159.95) | (325,296.40) | (346,437.85) | (367,159.95) | (392,402.50) | (415,675.28) | (438,873.36) |

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

| | Base | 1-5 | 6-15 | 16 & beyond | 13 | 14 | 15 | 16 | 17 | 18 |
|---------------------------------------------------|-------|-------|-------|-------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Balance Statement | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Current Asset Balance | | | | | 107,305 | 109,451 | 116,018 | 121,819 | 121,819 | 121,819 |
| CA as % of Revenues | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Balance Statement | | | | | | | | | | |
| Property Plant & Equipment | | | | | | | | | | |
| Total PP&E | | | | | | | | | | |
| Begin Balance | | | | | 27,876,534.83 | 28,290,293.83 | 28,712,736.83 | 29,144,058.83 | 29,492,567.83 | 29,846,719.83 |
| Additions | | | | | 483,451.00 | 493,169.00 | 503,103.00 | 421,370.00 | 427,883.00 | 434,505.00 |
| Retirements | | | | | (69,692.00) | (70,726.00) | (71,781.00) | (72,861.00) | (73,731.00) | (74,617.00) |
| End Balance | | | | | 28,290,293.83 | 28,712,736.83 | 29,144,058.83 | 29,492,567.83 | 29,846,719.83 | 30,206,607.83 |
| End Balance Check | | | | | 28,290,293.83 | 28,712,736.83 | 29,144,058.83 | 29,492,567.83 | 29,846,719.83 | 30,206,607.83 |
| Book Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total Book Depreciation | | | | | | | | | | |
| Begin Balance | | | | | (8,013,145.19) | (8,649,119.28) | (9,281,740.63) | (9,906,551.69) | (10,527,845.19) | (11,151,966.43) |
| Depreciation | | | | | (705,175.09) | (702,855.35) | (696,099.06) | (693,659.50) | (697,356.24) | (694,079.13) |
| Retirements | | | | | 69,201.00 | 70,234.00 | 71,288.00 | 72,366.00 | 73,235.00 | 74,120.00 |
| End Balance | | | | | (8,649,119.28) | (9,281,740.63) | (9,906,551.69) | (10,527,845.19) | (11,151,966.43) | (11,771,925.56) |
| End Balance Check | | | | | (8,649,119.28) | (9,281,740.63) | (9,906,551.69) | (10,527,845.19) | (11,151,966.43) | (11,771,925.56) |
| Net Plant | | | | | | | | | | |
| Begin Balance | | | | | 19,863,389.64 | 19,641,174.55 | 19,430,996.20 | 19,237,507.14 | 18,964,722.64 | 18,694,753.40 |
| End Balance | | | | | 19,641,174.55 | 19,430,996.20 | 19,237,507.14 | 18,964,722.64 | 18,694,753.40 | 18,434,682.27 |
| Total Asset | | | | | | | | | | |
| Tax Depreciation of Property, Plant, & Equipment | | | | | | | | | | |
| Total MACRS Depreciation | | | | | | | | | | |
| Begin Balance | | | | | (1,166,810.03) | (1,188,740.39) | (1,211,534.87) | (1,176,414.47) | (1,194,727.11) | (1,196,263.91) |
| Depreciation | | | | | 69,692.00 | 70,726.00 | 71,781.00 | 72,861.00 | 73,731.00 | 74,617.00 |
| Retirements | | | | | (1,097,118.03) | (1,118,014.39) | (1,139,753.87) | (1,103,553.47) | (1,120,996.11) | (1,121,646.91) |
| End Balance | | | | | (1,097,118.03) | (1,118,014.39) | (1,139,753.87) | (1,103,553.47) | (1,120,996.11) | (1,121,646.91) |
| End Balance Check | | | | | (1,097,118.03) | (1,118,014.39) | (1,139,753.87) | (1,103,553.47) | (1,120,996.11) | (1,121,646.91) |
| Net Plant | | | | | | | | | | |
| Begin Balance | | | | | 27,876,534.83 | 28,290,293.83 | 28,712,736.83 | 29,144,058.83 | 29,492,567.83 | 29,846,719.83 |
| End Balance | | | | | 27,193,175.80 | 27,594,722.44 | 28,004,304.96 | 28,389,014.36 | 28,725,723.72 | 29,084,960.92 |
| Tax | | | | | | | | | | |
| Book | | | | | (1,166,810.03) | (1,188,740.39) | (1,211,534.87) | (1,176,414.47) | (1,194,727.11) | (1,196,263.91) |
| | | | | | (705,175.09) | (702,855.35) | (696,099.06) | (693,659.50) | (697,356.24) | (694,079.13) |
| | | | | | (461,634.94) | (485,885.04) | (515,435.81) | (482,754.97) | (497,370.87) | (502,184.78) |

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

| | Base | 1-5 | 6-15 | 16 & beyond | 19 | 20 | Average |
|---------------------------------------------------|--------|-------|-----------------|-------------|-----------------|-------|---------|
| Balance Statement | | | | | | | |
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Current Asset Balance | 53,287 | | 121,819 | | 126,691 | | |
| CA as % of Revenues | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | |
| Balance Statement | | | | | | | |
| Property Plant & Equipment | | | | | | | |
| Total PP&E | | | | | | | |
| Begin Balance | | | 30,206,607.83 | | 30,572,333.83 | | |
| Additions | | | 441,242.00 | | 448,095.00 | | |
| Retirements | | | (75,516.00) | | (76,431.00) | | |
| End Balance | | | 30,572,333.83 | | 30,943,997.83 | | |
| End Balance Check | | | 30,572,333.83 | | 30,943,997.83 | | |
| Book Depreciation of Property, Plant, & Equipment | | | | | | | |
| Total Book Depreciation | | | | | | | |
| Begin Balance | | | (11,771,925.56) | | (12,382,987.56) | | |
| Depreciation | | | (686,080.00) | | (686,879.68) | | |
| Retirements | | | 75,018.00 | | 75,931.00 | | |
| End Balance | | | (12,382,987.56) | | (12,993,936.24) | | |
| End Balance Check | | | (12,382,987.56) | | (12,993,936.24) | | |
| Net Plant | | | | | | | |
| Begin Balance | | | 18,434,682.27 | | 18,189,346.27 | | |
| End Balance | | | 18,189,346.27 | | 17,950,061.59 | | |
| Total Asset | | | 18,311,165.27 | | 18,076,752.59 | | |
| Tax Depreciation of Property, Plant, & Equipment | | | | | | | |
| Total MACRS Depreciation | | | | | | | |
| Begin Balance | | | (1,197,842.31) | | (1,217,347.59) | | |
| Depreciation | | | 75,516.00 | | 76,431.00 | | |
| Retirements | | | (1,122,326.31) | | (1,140,916.59) | | |
| End Balance | | | (1,122,326.31) | | (1,140,916.59) | | |
| End Balance Check | | | (1,122,326.31) | | (1,140,916.59) | | |
| Net Plant | | | | | | | |
| Begin Balance | | | 30,206,607.83 | | 30,572,333.83 | | |
| End Balance | | | 29,450,007.52 | | 29,803,081.24 | | |
| Tax Book | | | | | | | |
| Begin Balance | | | (1,197,842.31) | | (1,217,347.59) | | |
| Depreciation | | | (686,080.00) | | (686,879.68) | | |
| Retirements | | | (511,762.31) | | (530,467.91) | | |

**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**

**Income Approach
Cash Flow Forecast
Investor-owned Rate Regulated Water Utility
Periods 1 through 19 & 20 to perpetuity**

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

| | Base | Periods: | | | | | | | |
|------------------------------------------------------------|--------|------------|------------|-------------|------------|------------|---|---|---|
| | | 1-5 | 6-15 | 16 & beyond | 1 | 2 | 3 | 4 | 5 |
| Capital Expenditures and Changes in Working Capital | | | | | | | | | |
| Capital Expenditures | | 322,714.00 | 327,557.00 | 332,482.00 | 337,490.00 | 342,584.00 | | | |
| Changes to Working Capital | | | | | | | | | |
| Current Assets | 53,287 | 58,082 | 58,663 | 59,250 | 59,842 | 71,811 | | | |
| Current Liabilities | 39,965 | 43,562 | 43,997 | 44,437 | 44,882 | 53,858 | | | |
| Working Capital | 13,322 | 14,520 | 14,666 | 14,813 | 14,960 | 17,953 | | | |
| Changes to Working Capital | | 1,198 | 146 | 147 | 147 | 2,993 | | | |
| CASH FLOW | | | | | | | | | |
| Income from Operations | | 273,572 | 251,489 | 234,158 | 217,753 | 598,018 | | | |
| Non Cash Expense (depreciation) | | 756,379 | 756,943 | 749,555 | 739,537 | 738,817 | | | |
| Capital Expenditures | | 322,714 | 327,557 | 332,482 | 337,490 | 342,584 | | | |
| Change in Working Capital | | 1,198 | 146 | 147 | 147 | 2,993 | | | |
| Net Cash Flows | | 706,039 | 680,729 | 651,084 | 619,653 | 991,258 | | | |
| Period | | 0.5 | 1.5 | 2.5 | 3.5 | 4.5 | | | |
| PW Factor | | | | | | | | | |
| Discount Rate with growth | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | | | |
| Discount Rate without growth | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | | | |
| Period Present Worth Factor (PW) | | 0.966 | 0.903 | 0.843 | 0.788 | 0.736 | | | |
| PW of Cashflow | | 682,034 | 614,698 | 548,864 | 488,287 | 729,566 | | | |
| Accumulated PW of Cashflows | | 682,034 | 1,296,732 | 1,845,596 | 2,333,883 | 3,063,449 | | | |

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

| | Base | 1-5 | 6-15 | 16 & beyond | 6 | 7 | 8 | 9 | 10 |
|------------------------------------------------------------|--------|------------|------|-------------|------------|------------|------------|------------|------------|
| Capital Expenditures and Changes in Working Capital | | | | | | | | | |
| Capital Expenditures | | | | | 347,764.00 | 429,390.00 | 437,917.00 | 446,631.00 | 455,537.00 |
| Changes to Working Capital | | | | | | | | | |
| Current Assets | 53,287 | | | | 73,247 | 74,712 | 76,206 | 86,875 | 92,087 |
| Current Liabilities | 39,965 | | | | 54,935 | 56,034 | 57,155 | 65,156 | 69,066 |
| Working Capital | 13,322 | | | | 18,312 | 18,678 | 19,051 | 21,719 | 23,021 |
| Changes to Working Capital | | | | | 359 | 366 | 373 | 2,668 | 1,302 |
| CASH FLOW | | | | | | | | | |
| Income from Operations | | | | | 606,162 | 614,546 | 620,806 | 951,106 | 1,088,691 |
| Non Cash Expense (depreciation) | | | | | 733,057 | 726,606 | 722,755 | 720,036 | 713,532 |
| Capital Expenditures | | | | | 347,764 | 429,390 | 437,917 | 446,631 | 455,537 |
| Change in Working Capital | | | | | 359 | 366 | 373 | 2,668 | 1,302 |
| Net Cash Flows | | | | | 991,096 | 911,396 | 905,271 | 1,221,843 | 1,345,384 |
| Period | | 5.5 | | | 5.5 | 6.5 | 7.5 | 8.5 | 9.5 |
| PW Factor | | 7.06% | | | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% |
| Discount Rate with growth | | 5.54% | | | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% |
| Discount Rate without growth | | | | | | | | | |
| Period Present Worth Factor (PW) | | 0.687 | | | 0.687 | 0.642 | 0.6 | 0.56 | 0.523 |
| PW of Cashflow | | 21,473,865 | | | 680,883 | 585,116 | 543,163 | 684,232 | 703,636 |
| Accumulated PW of Cashflows | | | | | 3,744,332 | 4,329,448 | 4,872,611 | 5,556,843 | 6,260,479 |

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

| | Base | Periods: | | | | | 15 | | | | | | |
|------------------------------------------------------------|--------|------------|------------|-------------|------------|------------|------------|----|----|--|--|--|--|
| | | 1-5 | 6-15 | 16 & beyond | 11 | 12 | | 13 | 14 | | | | |
| Capital Expenditures and Changes in Working Capital | | | | | | | | | | | | | |
| Capital Expenditures | | | 464,640.00 | 473,942.00 | 483,451.00 | 493,169.00 | 503,103.00 | | | | | | |
| Changes to Working Capital | | | | | | | | | | | | | |
| Current Assets | 53,287 | | 93,929 | 95,808 | 107,305 | 109,451 | 116,018 | | | | | | |
| Current Liabilities | 39,965 | | 70,447 | 71,856 | 80,479 | 82,088 | 87,013 | | | | | | |
| Working Capital | 13,322 | | 23,482 | 23,952 | 26,826 | 27,363 | 29,005 | | | | | | |
| Changes to Working Capital | | | 461 | 470 | 2,874 | 537 | 1,642 | | | | | | |
| CASH FLOW | | | | | | | | | | | | | |
| Income from Operations | | 1,103,038 | 1,116,585 | 1,469,678 | 1,489,169 | 1,667,351 | | | | | | | |
| Non Cash Expense (depreciation) | | 709,758 | 706,843 | 705,175 | 702,855 | 696,099 | | | | | | | |
| Capital Expenditures | | 464,640 | 473,942 | 483,451 | 493,169 | 503,103 | | | | | | | |
| Change in Working Capital | | 461 | 470 | 2,874 | 537 | 1,642 | | | | | | | |
| Net Cash Flows | | 1,347,695 | 1,349,016 | 1,688,528 | 1,698,318 | 1,858,705 | | | | | | | |
| Period | | 10.5 | 11.5 | 12.5 | 13.5 | 14.5 | | | | | | | |
| PW Factor | | | | | | | | | | | | | |
| Discount Rate with growth | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | | | | | | | |
| Discount Rate without growth | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | | | | | | | |
| Period Present Worth Factor (PW) | | 0.489 | 0.456 | 0.426 | 0.398 | 0.372 | | | | | | | |
| PW of Cashflow | | 659,023 | 615,151 | 719,313 | 675,931 | 691,438 | | | | | | | |
| Accumulated PW of Cashflows | | 21,473,865 | 6,919,502 | 8,253,966 | 8,929,897 | 9,621,335 | | | | | | | |

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

| | Base | Periods: | | | | | 16 & beyond | 16 | 17 | 18 | 19 | 20 |
|------------------------------------------------------------|------------|------------|------------|------------|------------|------------|-------------|----|----|----|----|----|
| | | 1-5 | 6-15 | 16-17 | 18 | 19 | | | | | | |
| Capital Expenditures and Changes in Working Capital | | | | | | | | | | | | |
| Capital Expenditures | | | 421,370.00 | 427,883.00 | 434,505.00 | 441,242.00 | 448,095.00 | | | | | |
| Changes to Working Capital | | | | | | | | | | | | |
| Current Assets | 53,287 | 121,819 | 121,819 | 121,819 | 121,819 | 121,819 | 126,691 | | | | | |
| Current Liabilities | 39,965 | 91,364 | 91,364 | 91,364 | 91,364 | 91,364 | 95,019 | | | | | |
| Working Capital | 13,322 | 30,455 | 30,455 | 30,455 | 30,455 | 30,455 | 31,672 | | | | | |
| Changes to Working Capital | -1,450 | - | - | - | - | - | 1,217 | | | | | |
| CASH FLOW | | | | | | | | | | | | |
| Income from Operations | 1,813,523 | 1,747,324 | 1,684,272 | 1,622,709 | 1,561,156 | 1,499,604 | 1,438,052 | | | | | |
| Non Cash Expense (depreciation) | 693,660 | 697,356 | 694,079 | 686,880 | 679,391 | 671,902 | 664,413 | | | | | |
| Capital Expenditures | 421,370 | 427,883 | 434,505 | 441,242 | 448,095 | 454,947 | 461,800 | | | | | |
| Change in Working Capital | 1,450 | - | - | - | - | - | - | | | | | |
| Net Cash Flows | 2,084,362 | 2,016,797 | 1,943,846 | 1,867,547 | 1,796,456 | 1,725,360 | 1,654,265 | | | | | |
| Period | 15.5 | 16.5 | 17.5 | 18.5 | 19.5 | 20.5 | 21.5 | | | | | |
| PW Factor | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | | | | | |
| Discount Rate with growth | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | | | | | |
| Discount Rate without growth | | | | | | | | | | | | |
| Period Present Worth Factor (PW) | 0.347 | 0.324 | 0.303 | 0.283 | 0.264 | 0.244 | 0.224 | | | | | |
| PW of Cashflow | 723,274 | 653,442 | 588,985 | 528,516 | 473,049 | 421,582 | 374,105 | | | | | |
| Accumulated PW of Cashflows | 21,473,865 | 10,998,051 | 11,587,036 | 12,115,552 | 12,644,067 | 13,172,582 | 13,701,097 | | | | | |

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

| | Base | 1-5 | 6-15 | 16 & beyond | Average |
|------------------------------------------------------------|------------|-----|------|-------------|---------|
| Capital Expenditures and Changes in Working Capital | | | | | |
| Capital Expenditures | | | | | |
| Changes to Working Capital | | | | | |
| Current Assets | 53,287 | | | | |
| Current Liabilities | 39,965 | | | | |
| Working Capital | 13,322 | | | | |
| Changes to Working Capital | | | | | |
| CASH FLOW | | | | | |
| Income from Operations | | | | | |
| Non Cash Expense (depreciation) | | | | | |
| Capital Expenditures | | | | | |
| Change in Working Capital | | | | | |
| Net Cash Flows | | | | | |
| Period | | | | | |
| PW Factor | | | | | |
| Discount Rate with growth | 7.06% | | | | |
| Discount Rate without growth | 5.54% | | | | |
| Period Present Worth Factor (PW) | | | | | |
| PW of Cashflow | | | | | |
| Accumulated PW of Cashflows | 21,473,865 | | | | |

**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**

**Income Approach
Cash Flow Forecast - 2
Investor-owned Rate Regulated Water Utility**

Periods 1 through 19 & 20 to perpetuity

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

| | Periods: | | | | | | | | |
|----------------------------------|------------|-----------|-----------|-------------|-----------|-------------|---|---|---|
| | Base | 1-5 | 6-15 | 16 & beyond | 1 | 2 | 3 | 4 | 5 |
| CASH FLOW | | | | | | | | | |
| Income from Operations | | (129,331) | (150,150) | (172,423) | (196,186) | 182,786 | | | |
| Depreciation | | (959,657) | (970,554) | (981,821) | (993,469) | (1,005,506) | | | |
| Capital Expenditures | | 322,714 | 327,557 | 332,482 | 337,490 | 342,584 | | | |
| Change in Working Capital | | 1,198 | 146 | 147 | 147 | 2,993 | | | |
| Net Cash Flows | | 506,414 | 492,701 | 476,769 | 459,646 | 842,715 | | | |
| Period | | 0.5 | 1.5 | 2.5 | 3.5 | 4.5 | | | |
| PW Factor | | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | | | |
| Discount Rate with growth | | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | | | |
| Discount Rate without growth | | | | | | | | | |
| Period Present Worth Factor (PW) | | 0.966 | 0.903 | 0.843 | 0.788 | 0.736 | | | |
| PW of Cashflow | | 489,196 | 444,909 | 401,916 | 362,201 | 620,238 | | | |
| Accumulated PW of Cashflows | 20,399,693 | 489,196 | 934,105 | 1,336,021 | 1,698,222 | 2,318,460 | | | |

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

| | Periods: | | | | | Base |
|----------------------------------|------------|-------------|-------------|-------------|-------------|-------------|
| | 1-5 | 6 | 7 | 8 | 9 | |
| CASH FLOW | | | | | | |
| Income from Operations | | 185,509 | 172,428 | 170,680 | 493,036 | 619,237 |
| Depreciation | | (1,017,944) | (1,051,902) | (1,069,193) | (1,087,196) | (1,105,935) |
| Capital Expenditures | | 347,764 | 429,390 | 437,917 | 446,631 | 455,537 |
| Change in Working Capital | | 359 | 366 | 373 | 2,668 | 1,302 |
| Net Cash Flows | | 855,330 | 794,574 | 801,583 | 1,130,933 | 1,268,333 |
| Period | | 5.5 | 6.5 | 7.5 | 8.5 | 9.5 |
| PW Factor | | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% |
| Discount Rate with growth | | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% |
| Discount Rate without growth | | | | | | |
| Period Present Worth Factor (PW) | | 0.687 | 0.642 | 0.6 | 0.56 | 0.523 |
| PW of Cashflow | | 587,612 | 510,117 | 480,950 | 633,322 | 663,338 |
| Accumulated PW of Cashflows | 20,399,693 | 2,906,072 | 3,416,189 | 3,897,139 | 4,530,461 | 5,193,799 |

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

| | Base | Periods: | | | | | 14 | 15 |
|----------------------------------|------|------------|-------------|-------------|-------------|-------------|-------------|----|
| | | 1-5 | 6-15 | 16 & beyond | 11 | 12 | | |
| CASH FLOW | | | | | | | | |
| Income from Operations | | | 623,382 | 626,569 | 969,407 | 977,388 | 1,140,099 | |
| Depreciation | | | (1,125,434) | (1,145,717) | (1,166,810) | (1,188,740) | (1,211,535) | |
| Capital Expenditures | | | 464,640 | 473,942 | 483,451 | 493,169 | 503,103 | |
| Change in Working Capital | | | 461 | 470 | 2,874 | 537 | 1,642 | |
| Net Cash Flows | | | 1,283,715 | 1,297,874 | 1,649,892 | 1,672,422 | 1,846,889 | |
| Period | | | 10.5 | 11.5 | 12.5 | 13.5 | 14.5 | |
| PW Factor | | | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | |
| Discount Rate with growth | | | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | |
| Discount Rate without growth | | | | | | | | |
| Period Present Worth Factor (PW) | | | 0.489 | 0.456 | 0.426 | 0.398 | 0.372 | |
| PW of Cashflow | | 20,399,693 | 627,737 | 591,831 | 702,854 | 665,624 | 687,043 | |
| Accumulated PW of Cashflows | | | 5,821,536 | 6,413,367 | 7,116,221 | 7,781,845 | 8,468,888 | |

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

| | Base | Periods: | | | | | 19 | 20 |
|----------------------------------|------------|----------|-------------|-------------|-------------|-------------|-------------|----|
| | | 1-5 | 6-15 | 16 & beyond | 16 | 17 | | |
| CASH FLOW | | | | | | | | |
| Income from Operations | | | 1,314,867 | 1,243,454 | 1,181,985 | 1,118,451 | 1,213,328 | |
| Depreciation | | | (1,176,414) | (1,194,727) | (1,196,264) | (1,197,842) | (1,217,348) | |
| Capital Expenditures | | | 421,370 | 427,883 | 434,505 | 441,242 | 448,095 | |
| Change in Working Capital | | | 1,450 | - | - | - | 1,217 | |
| Net Cash Flows | | | 2,068,461 | 2,010,298 | 1,943,744 | 1,875,051 | 1,981,364 | |
| Period | | | 15.5 | 16.5 | 17.5 | 18.5 | 19.5 | |
| PW Factor | | | 7.06% | 7.06% | 7.06% | 7.06% | 7.06% | |
| Discount Rate with growth | | | 5.54% | 5.54% | 5.54% | 5.54% | 5.54% | |
| Discount Rate without growth | | | 0.347 | 0.324 | 0.303 | 0.283 | 0.264 | |
| Period Present Worth Factor (PW) | | | 717,756 | 651,337 | 588,954 | 530,639 | 484,219 | |
| PW of Cashflow | | | 9,186,644 | 9,837,981 | 10,426,935 | 10,957,574 | 11,499,693 | |
| Accumulated PW of Cashflows | 20,399,693 | | | | | | | |

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

| | Base | 1-5 | 6-15 | 16 & beyond | Average |
|----------------------------------|------------|-------|------|-------------|---------|
| CASH FLOW | | | | | |
| Income from Operations | | | | | |
| Depreciation | | | | | |
| Capital Expenditures | | | | | |
| Change in Working Capital | | | | | |
| Net Cash Flows | | | | | |
| Period | | | | | |
| PW Factor | | | | | |
| Discount Rate with growth | | 7.06% | | | |
| Discount Rate without growth | | 5.54% | | | |
| Period Present Worth Factor (PW) | | | | | |
| PW of Cashflow | | | | | |
| Accumulated PW of Cashflows | 20,399,693 | | | | |

**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**

**Income Approach
Rate Case Scenarios and Forecast
Investor-owned Rate Regulated Water Utility**

Periods 1 through 19 & 20 to perpetuity

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

| Base | Periods: | | | | | | | |
|----------------------------------------------------|----------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1-5 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | 6-15 | 16 & beyond | | | | | |
| Rate Case Forecasts | | | | | | | | |
| Rate Base | | 24,184,872.83 | 24,452,450.83 | 24,724,285.83 | 25,000,448.83 | 25,281,015.83 | 25,566,060.83 | 25,931,535.83 |
| Plant In Service | | (697,059.41) | (1,394,023.10) | (2,082,930.88) | (2,761,140.53) | (3,437,940.34) | (4,108,278.07) | (4,771,452.66) |
| Accumulated Book Depreciation | | 14,520.00 | 14,666.00 | 14,813.00 | 14,960.00 | 17,953.00 | 18,312.00 | 18,678.00 |
| Working Capital | | (58,727) | (120,439) | (187,540) | (260,901) | (337,947) | (420,251) | (514,230) |
| Accumulated Deferred Income Tax | | 23,443,606.42 | 22,952,654.73 | 22,468,627.95 | 21,993,367.30 | 21,523,081.49 | 21,055,843.76 | 20,664,531.17 |
| Rate Base | | 2,904,114.00 | 2,833,155.00 | 2,962,487.95 | 2,992,112.00 | 3,590,534.00 | 3,662,345.00 | 3,735,592.00 |
| Revenues | | 1,867,980.00 | 1,924,012.00 | 1,981,723.00 | 2,041,166.00 | 2,102,392.00 | 2,165,455.00 | 2,230,409.00 |
| O&M Expenses | | 756,379.41 | 756,942.69 | 749,554.78 | 739,536.65 | 738,816.81 | 733,056.73 | 726,605.59 |
| Book Depreciation | | 258,352.00 | 249,740.00 | 241,416.00 | 233,368.00 | 225,589.00 | 218,070.00 | 210,801.00 |
| Ratemaking Interest Expense | | 21,402.59 | 2,460.31 | (10,206.78) | (21,958.65) | 523,736.19 | 545,763.27 | 567,776.41 |
| Book Income (Current+Deferred) | | 6,183.00 | 711.00 | (2,949.00) | (6,344.00) | 151,307.00 | 157,671.00 | 164,031.00 |
| State & Federal Taxes @ 28.89% | | 273,571.59 | 251,489.31 | 234,158.22 | 217,753.35 | 598,018.19 | 606,162.27 | 614,546.41 |
| Net Operating Income | | 273,572 | 251,489 | 234,158 | 217,753 | 598,018 | 606,162 | 614,546 |
| Income from Operations | | 1.17% | 1.10% | 1.04% | 0.99% | 2.78% | 2.88% | 2.97% |
| Return on Rate Base | | 6.93% | 6.93% | 6.93% | 6.93% | 6.93% | 6.93% | 6.93% |
| Required Return | | 1,624,642 | 1,590,619 | 1,557,076 | 1,524,140 | 1,491,550 | 1,459,170 | 1,432,052 |
| Authorized Return | | | | | | | | |
| After-tax Net Income | | 15,220 | 1,749 | (7,258) | (15,615) | 372,429 | 388,092 | 403,745 |
| Taxes | | 6,183 | 711 | (2,949) | (6,344) | 151,307 | 157,671 | 164,031 |
| Pre-tax Net Income | | 21,403 | 2,460 | (10,207) | (21,959) | 523,736 | 545,763 | 567,776 |
| Interest Expense | | (258,352) | (249,740) | 241,416 | 233,368 | 225,589 | 218,070 | 210,801 |
| Operating Income | | 279,755 | 252,200 | 231,209 | 211,409 | 749,325 | 763,833 | 778,577 |
| Operating Expenses | | 2,624,359 | 2,680,955 | 2,731,278 | 2,780,703 | 2,841,209 | 2,898,512 | 2,957,015 |
| Revenue Requirement | | 2,904,114 | 2,933,155 | 2,962,487 | 2,992,112 | 3,590,534 | 3,662,345 | 3,735,592 |
| Required Return | | 1,624,642 | 1,590,619 | 1,557,076 | 1,524,140 | 1,491,550 | 1,459,170 | 1,432,052 |
| Operating Expenses | | 2,624,359 | 2,680,955 | 2,731,278 | 2,780,703 | 2,841,209 | 2,898,512 | 2,957,015 |
| Revenue Requirement | | 4,249,001 | 4,271,574 | 4,288,354 | 4,304,843 | 4,332,759 | 4,357,682 | 4,389,067 |
| Required Rate Increase | | 46.31% | 45.63% | 44.76% | 43.87% | 20.67% | 18.95% | 17.49% |
| Period | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Proposed Rate Increase | | 8% | 0% | 0% | 0% | 15% | 0% | 0% |
| Rate Increase Scenario | | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| 6% Period 1, No Rate Increases afterward (Input 2) | | 2 | 6% | 0% | 0% | 0% | 0% | 0% |
| No Rate Increases Modest Rate Increase (Input 4) | | 3 | 0% | 0% | 0% | 6.0% | 0.0% | 0.0% |
| Modest Rate Inc Required Rate Increase (Input 6) | | 4 | 6.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Required Rate Increase (Input 6) | | 5 | 8.0% | 0.0% | 0.0% | 15.0% | 0.0% | 0.0% |
| Required Rate Increase (Input 6) | | 6 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Required Rate Increase (Input 6) | | 7 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Required Rate Increase (Input 6) | | 4 | 0.0% | 0.0% | 7.5% | 0.0% | 0.0% | 0.0% |

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

| | Base | Periods: | | | | | | | | | | | | |
|-------------------------------------------------|------|----------|------|-------------|---|---|----|----|----|----|----|--|--|--|
| | | 1-5 | 6-15 | 16 & beyond | 8 | 9 | 10 | 11 | 12 | 13 | 14 | | | |
| Rate Case Forecasts | | | | | | | | | | | | | | |
| Rate Base | | | | | | | | | | | | | | |
| Plant In Service | | | | | | | | | | | | | | |
| Accumulated Book Depreciation | | | | | | | | | | | | | | |
| Working Capital | | | | | | | | | | | | | | |
| Accumulated Deferred Income Tax | | | | | | | | | | | | | | |
| Rate Base | | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | | |
| O&M Expenses | | | | | | | | | | | | | | |
| Book Depreciation | | | | | | | | | | | | | | |
| Rate-making Interest Expense | | | | | | | | | | | | | | |
| Book Income (Current+Deferred) | | | | | | | | | | | | | | |
| State & Federal Taxes @ 28.89% | | | | | | | | | | | | | | |
| Net Operating Income | | | | | | | | | | | | | | |
| Income from Operations | | | | | | | | | | | | | | |
| Return on Rate Base | | | | | | | | | | | | | | |
| Required Return | | | | | | | | | | | | | | |
| Authorized Return | | | | | | | | | | | | | | |
| After-tax Net Income | | | | | | | | | | | | | | |
| Taxes | | | | | | | | | | | | | | |
| Pre-tax Net Income | | | | | | | | | | | | | | |
| Interest Expense | | | | | | | | | | | | | | |
| Operating Income | | | | | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | | | | | |
| Revenue Requirement | | | | | | | | | | | | | | |
| Required Return | | | | | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | | | | | |
| Revenue Requirement | | | | | | | | | | | | | | |
| Required Rate Increase | | | | | | | | | | | | | | |
| Proposed Rate Increase | | | | | | | | | | | | | | |
| Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |
| 6% Period 1, No Rate Increase | | | | | | | | | | | | | | |
| afterward (Input 2) | | | | | | | | | | | | | | |
| No Rate Increase Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase (Input 8) | | | | | | | | | | | | | | |
| Required Rate Increase Scenario | | | | | | | | | | | | | | |

DCF Investor Owned

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

| | Base | Periods: | | | | | | | Average | | | | | |
|------------------------------------|------|----------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 1-5 | 6-15 | 16 & beyond | 15 | 16 | 17 | 18 | | 19 | 20 | | | |
| Rate Case Forecasts | | | | | | | | | | | | | | |
| Rate Base | | | | | | | | | | | | | | |
| Plant In Service | | | 29,492,567.83 | 29,492,567.83 | 29,846,719.83 | 30,206,607.83 | 30,572,333.83 | 30,943,997.83 | 31,319,711.83 | 31,696,425.83 | 32,073,140.83 | 32,449,855.83 | 32,826,570.83 | 33,203,285.83 |
| Accumulated Book Depreciation | | | (9,906,551.69) | (10,527,845.19) | (11,151,966.43) | (11,771,925.56) | (12,382,987.56) | (12,993,936.24) | (13,604,884.92) | (14,215,833.60) | (14,826,782.28) | (15,437,730.96) | (16,048,679.64) | (16,659,628.32) |
| Working Capital | | | 29,005.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 | 30,465.00 |
| Accumulated Deferred Income Tax | | | (1,503,280) | (1,642,747) | (1,786,438) | (1,931,519) | (2,076,600) | (2,221,681) | (2,366,762) | (2,511,843) | (2,656,924) | (2,802,005) | (2,947,086) | (3,092,167) |
| Rate Base | | | 17,763,232.14 | 17,352,430.64 | 16,938,770.40 | 16,533,618.27 | 16,140,434.27 | 15,749,114.59 | 15,357,794.91 | 14,966,475.23 | 14,575,155.55 | 14,183,835.87 | 13,792,516.19 | 13,401,196.51 |
| Revenues | | | 5,800,892.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 | 6,090,937.00 |
| O&M Expenses | | | 2,825,342.00 | 2,910,094.00 | 2,997,386.00 | 3,087,297.00 | 3,179,905.00 | 3,275,291.00 | 3,373,677.00 | 3,472,063.00 | 3,570,449.00 | 3,668,835.00 | 3,767,221.00 | 3,865,607.00 |
| Book Depreciation | | | 696,099.06 | 699,659.50 | 697,356.24 | 694,079.13 | 686,080.00 | 677,080.87 | 668,081.74 | 659,082.61 | 650,083.48 | 641,084.35 | 632,085.22 | 623,086.09 |
| Ratemaking Interest Expense | | | 160,726.00 | 155,368.00 | 150,190.00 | 145,183.00 | 140,344.00 | 135,666.00 | 131,137.00 | 126,753.00 | 122,504.00 | 118,389.00 | 114,394.00 | 110,509.00 |
| Book Income (Current+Deferred) | | | 2,118,724.94 | 2,331,815.50 | 2,246,004.76 | 2,164,377.87 | 2,084,608.00 | 2,006,644.00 | 1,930,277.00 | 1,855,110.00 | 1,781,143.00 | 1,708,376.00 | 1,636,809.00 | 1,565,442.00 |
| State & Federal Taxes @ 28.89% | | | 612,100.00 | 673,661.00 | 648,871.00 | 625,289.00 | 602,243.00 | 580,207.00 | 558,171.00 | 536,135.00 | 514,100.00 | 492,064.00 | 470,028.00 | 448,000.00 |
| Net Operating Income | | | 1,667,350.94 | 1,813,522.50 | 1,747,323.76 | 1,684,271.87 | 1,622,709.00 | 1,562,210.00 | 1,501,736.00 | 1,441,261.00 | 1,380,786.00 | 1,320,311.00 | 1,259,836.00 | 1,199,361.00 |
| Income from Operations | | | 1,667,351 | 1,813,523 | 1,747,324 | 1,684,272 | 1,622,709 | 1,562,210 | 1,501,736 | 1,441,261 | 1,380,786 | 1,320,311 | 1,259,836 | 1,199,361 |
| Return on Rate Base | | | 9.39% | 10.45% | 10.32% | 10.19% | 10.05% | 9.91% | 9.77% | 9.63% | 9.49% | 9.35% | 9.21% | 9.07% |
| Required Return | | 6.93% | | | | | | | | | | | | |
| Authorized Return | | | 1,230,992 | 1,202,523 | 1,173,857 | 1,145,780 | 1,118,532 | 1,091,414 | 1,064,296 | 1,037,178 | 1,010,060 | 982,942 | 955,824 | 928,706 |
| After-tax Net Income | | | 1,506,625 | 1,658,155 | 1,597,134 | 1,539,089 | 1,482,365 | 1,426,641 | 1,370,917 | 1,315,193 | 1,259,469 | 1,203,745 | 1,148,021 | 1,092,297 |
| Taxes | | | 612,100 | 673,661 | 648,871 | 625,289 | 602,243 | 580,207 | 558,171 | 536,135 | 514,100 | 492,064 | 470,028 | 448,000 |
| Pre-tax Net Income | | | 2,118,725 | 2,331,816 | 2,246,005 | 2,164,378 | 2,084,608 | 2,006,644 | 1,930,277 | 1,855,110 | 1,781,143 | 1,708,376 | 1,636,809 | 1,565,442 |
| Interest Expense | | | 160,726 | 155,368 | 150,190 | 145,183 | 140,344 | 135,666 | 131,137 | 126,753 | 122,504 | 118,389 | 114,394 | 110,509 |
| Operating Income | | | 2,279,451 | 2,487,184 | 2,396,195 | 2,309,561 | 2,224,952 | 2,140,340 | 2,055,728 | 1,971,116 | 1,886,504 | 1,801,892 | 1,717,280 | 1,632,668 |
| Operating Expenses | | | 3,521,441 | 3,603,754 | 3,694,742 | 3,781,376 | 3,865,985 | 3,952,574 | 4,039,162 | 4,125,750 | 4,212,338 | 4,298,926 | 4,385,514 | 4,472,102 |
| Revenue Requirement | | | 5,800,892 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 | 6,090,937 |
| Required Return | | | 1,230,992 | 1,202,523 | 1,173,857 | 1,145,780 | 1,118,532 | 1,091,414 | 1,064,296 | 1,037,178 | 1,010,060 | 982,942 | 955,824 | 928,706 |
| Operating Expenses | | | 3,521,441 | 3,603,754 | 3,694,742 | 3,781,376 | 3,865,985 | 3,952,574 | 4,039,162 | 4,125,750 | 4,212,338 | 4,298,926 | 4,385,514 | 4,472,102 |
| Revenue Requirement | | | 4,752,433 | 4,868,277 | 4,868,599 | 4,927,156 | 4,984,517 | 5,053,585 | 5,123,653 | 5,193,721 | 5,263,789 | 5,333,857 | 5,403,925 | 5,473,993 |
| Required Rate Increase | | | -18.07% | -21.09% | -20.07% | -19.11% | -18.17% | -20.22% | -19.27% | -18.32% | -17.37% | -16.42% | -15.47% | -14.52% |
| Period | | | 15 | 16 | 17 | 18 | 19 | 20 | | | | | | |
| Proposed Rate Increase | | | 0% | 5% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Rate Increase Scenario | | | 0 | 15 | 16 | 17 | 18 | 19 | 20 | | | | | |
| 6% Period 1, No Rate Increases | | | | | | | | | | | | | | |
| Input 2) | | | | | | | | | | | | | | |
| No Rate Increases | | | | | | | | | | | | | | |
| Modest Rate Increase (Input 4) | | | | | | | | | | | | | | |
| Modest Rate Inc Increase (Input 6) | | | | | | | | | | | | | | |
| Required Rate Increase | | | | | | | | | | | | | | |
| Scenario | | | 6 | 0 | 15 | 16 | 17 | 18 | 19 | 20 | | | | |
| 22,424,662.00 | | | | | | | | | | | | | | |
| DCF Investor Owned | | | | | | | | | | | | | | |

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

| | Base | Periods: | | |
|--------------------------------------------------|---------------|----------|------|-------------|
| | | 1-5 | 6-15 | 16 & beyond |
| Rate Case Forecasts | | | | |
| Rate Base | | | | |
| Plant in Service | | | | |
| Accumulated Book Depreciation | | | | |
| Working Capital | | | | |
| Accumulated Deferred Income Tax | | | | |
| Rate Base | | | | |
| Revenues | | | | |
| O&M Expenses | | | | |
| Book Depreciation | | | | |
| Ratemaking Interest Expense | | | | |
| Book Income (Current+Deferred) | | | | |
| State & Federal Taxes @ 28.89% | | | | |
| Net Operating Income | | | | |
| Income from Operations | | | | |
| Return on Rate Base | | | | |
| Required Return | 6.93% | | | |
| Authorized Return | | | | |
| After-tax Net Income Taxes | | | | |
| Pre-tax Net Income | | | | |
| Interest Expense | | | | |
| Operating Income | | | | |
| Operating Expenses | | | | |
| Revenue Requirement | | | | |
| Required Return | | | | |
| Operating Expenses | | | | |
| Revenue Requirement | | | | |
| Required Rate Increase | | | | |
| Proposed Rate Increase | | | | |
| Rate Increase | | | | |
| Scenario | | | | |
| 6% Period 1, No Rate Increases | | | | 6 |
| afterward (Input 2) | | | | 0 |
| No Rate Increases | 22,424,662.00 | | | 2 |
| Modest Rate Increase (Input 4) | | | | 3 |
| Modest Rate Inc Required Rate Increase (Input 6) | | | | 4 |
| Required Rate Ir | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 4 |

**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**

**Income Approach
DCF Forecast Parameters
Private Rate Regulated Water Utility
Period 1 through 19 & 20 to perpetuity**

**AUS Consultants
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8555 West Forest Home Avenue
Greenfield, Wisconsin 53228
Office Telephone: 414-529-5755
J. Weinert's Cell: 414-698-8371
J. Weinert's E-Mail: weinertj@auswest.net**

Pennsylvania-American Water Company
Steuben (PA American) Water Utility
Investor-Owned Utility
July 1, 2018

DCF Forecast Parameters

| | use | Forecast Parameters for Periods | DCF Calculated |
|-----------------------------------------|-----|---------------------------------|----------------|
| | | 1-5 | DCF WTRB |
| Revenue Base | | 2,664,325 | 21,477,865 |
| 2017 Revenues | | 2,664,325 | 22,424,562 |
| Increase in 2018 | | | |
| 5% | | | |
| 6% | | | |
| 0% | | | |
| Annual Subscriber Growth | | 1.0% | |
| Periodic Subscriber Growth | | 2.0% | |
| Growth | | 2.0% | |
| Period every 3 years | | | |
| 4% | | | |
| 5 | | | |
| Rate Adjustment | | | |
| Rate Adjustment Periods | | | |
| Based on Authorized Return on Rate Base | | | |
| Rate Increase Scenario | | | |
| 2. No Rate Increases | | | |
| 3 | | | |
| 4. Modest Rate Increases | | | |
| 5 | | | |
| 6. Required Rate Increases | | | |
| Rate Increase Scenario Input | | | |
| 6 Input | | | |

Operating Expenses

| | Use | 21,472,954 | 22,424,562 |
|---------------------------------|-----|------------|------------|
| Water System | | 894,391 | |
| Water Treatment | | 795,490 | |
| Depreciation & Amortization | | 511,361 | |
| Interest on Debt | | 123,227 | |
| Non Debt | | 3,000 | |
| Total Operating Expenses | | 2,327,459 | |
| Operating Expenses Check | | 1,813,108 | |
| Operating Expenses | | 1,813,108 | |
| Operating Expenses Depreciation | | 68,029 | |

Net Operating Income before Non-Operating

| | | |
|---------------------------------|--|---------|
| Revenue and Expenses | | 339,976 |
| Non-Operating Income (Expenses) | | |
| Interest Income | | |
| Gain on Sale of Assets | | |
| Long term Debt Interest | | |
| Interest Rate on Long term Debt | | 2% |
| Total Non-Operating Income | | -3.65% |
| Calculated | | |

Cost of Capital

| | Return on Rate Base Cost of Capital | Cost of Capital (Rate Base) | Return on Rate Base Cost of Capital |
|------------------------------------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| Calculated | | | |
| 0.02% of Assessed (Beginning Net Book Value) Value of Taxable Property | | | 0.02% |
| 21.00% of Pretax Income | | | 21.00% |
| 9.99% of Pretax Income | | | 9.99% |
| 28.89% of Pretax Income | | | 28.89% |

Valuation Cost of Capital

| | | |
|---------------------------------|--|--|
| Depreciation | | |
| Property Taxes | | |
| Federal | | |
| State | | |
| State & Federal Tax Rate | | |
| Cost of Capital Required Return | | |
| Valuation Cost of Capital | | |
| Debt - Market | | |
| Capital Structure Debt | | |
| Debt | | |
| Equity - Market | | |
| Wtd Cost of Debt | | |
| Wtd Cost of Equity | | |
| Required Return | | |
| Growth Rate (inflation) | | |
| Cost of Capital without growth | | |

Working Capital

| | | |
|-----------------|--|--|
| Current Assets | | |
| Cost of Capital | | |
| 2.00% | | |
| 2.00% | | |
| 2.00% | | |

Pennsylvania-American Water Company
 or its
 Affiliates (PA American System)
 Water System
 Investor-Owned Utility
 July 1, 2018

| DCF Forecast Parameters | Unit | Forecast Parameters for Periods | | DCF Calculated |
|--------------------------|------|---------------------------------|-------|----------------|
| | | 1-5 | 6-15 | |
| Retirement Rate | | 0.25% | 0.25% | |
| End Balance - Calculated | | 2,000,000 | 0.25% | |
| 331.1 - Interconnection | | | | |
| Begin Balance | | 331.3 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.75% | 2.00% | |
| End Balance - Calculated | | 1 | 0.25% | |
| 331.2 - Input Account | | | | |
| Begin Balance | | 331.2 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 2.00% | 2.00% | |
| End Balance - Calculated | | 13,200,798 | 0.25% | |
| 363 - Not Used | | | | |
| Begin Balance | | 363 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 1.00% | 1.00% | |
| End Balance - Calculated | | 0.25% | 0.25% | |
| 364 - Not Used | | | | |
| Begin Balance | | 364 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.50% | 0.50% | |
| End Balance - Calculated | | 1 | 0.25% | |
| 371 - Not Used | | | | |
| Begin Balance | | 371 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.50% | 0.50% | |
| End Balance - Calculated | | 0.25% | 0.25% | |
| 380 - Not Used | | | | |
| Begin Balance | | 380 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.50% | 0.50% | |
| End Balance - Calculated | | 0.25% | 0.25% | |
| 390 - Not Used | | | | |
| Begin Balance | | 390 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.75% | 0.75% | |
| End Balance - Calculated | | 1 | 0.25% | |
| 391 - Not Used | | | | |
| Begin Balance | | 391 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 1.00% | 1.00% | |
| End Balance - Calculated | | 0.05% | 0.05% | |
| 392 - Not Used | | | | |
| Begin Balance | | 392 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.00% | 0.00% | |
| End Balance - Calculated | | 0.05% | 0.05% | |
| 393 - Not Used | | | | |
| Begin Balance | | 393 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 1.00% | 1.00% | |
| End Balance - Calculated | | 0.05% | 0.05% | |
| 395 - Not Used | | | | |
| Begin Balance | | 395 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.00% | 0.00% | |
| End Balance - Calculated | | 1 | 0.00% | |
| 396 - Not Used | | | | |
| Begin Balance | | 396 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 0.00% | 0.00% | |
| End Balance - Calculated | | 1 | 0.00% | |
| 397 - Not Used | | | | |
| Begin Balance | | 397 Input Account | | |
| Additions | | | | |
| Retirement Rate | | 1.00% | 1.00% | |
| End Balance - Calculated | | 0.05% | 0.05% | |

Pennsylvania-American Water Company
Sheeton Borough Water Authority
Investor-Owned Utility
July 1, 2018

DCF Forecast Parameters

| | Forecast Rate | Use | Forecast Parameters for Periods 1-5 | Forecast Parameters for Periods 6-15 | 15 beyond | DCF Calculated |
|----------------------------------------|---------------|-----|-------------------------------------|--------------------------------------|------------------------|----------------|
| 391. End Balance - Calculated | | | 391. Hour Account | | | |
| 391.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 391.2. Depreciation | | | | | | |
| 391.3. Retirements Calculated in Plant | | | | | | |
| 391.4. End Balance - Calculated | | | | | | |
| 392. No Used | | | | | | |
| 392.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 392.2. Depreciation | | | | | | |
| 392.3. Retirements Calculated in Plant | | | | | | |
| 392.4. End Balance - Calculated | | | | | | |
| 393. No Used | | | | | | |
| 393.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 393.2. Depreciation | | | | | | |
| 393.3. Retirements Calculated in Plant | | | | | | |
| 393.4. End Balance - Calculated | | | | | | |
| 395. No Used | | | | | | |
| 395.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 395.2. Depreciation | | | | | | |
| 395.3. Retirements Calculated in Plant | | | | | | |
| 395.4. End Balance - Calculated | | | | | | |
| 397. No Used | | | | | | |
| 397.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 397.2. Depreciation | | | | | | |
| 397.3. Retirements Calculated in Plant | | | | | | |
| 397.4. End Balance - Calculated | | | | | | |
| 398. No Used | | | | | | |
| 398.1. Book Depreciation Life 21 yrs | 0.0223 | | 3.23% | 3.23% | Input Positive or Zero | |
| 398.2. Depreciation | | | | | | |
| 398.3. Retirements Calculated in Plant | | | | | | |
| 398.4. End Balance - Calculated | | | | | | |
| Depreciation - MACRS | | | | | | |
| Use Depreciation Life - MACRS (1) | | | | | | |
| 353. Distribution | | | 1 | | | |
| 353.1. Depreciation | | | 3 | | | |
| 353.2. Retirements Calculated in Plant | | | | | | |
| 353.3. Distribution | | | | | | |
| 353.4. Depreciation | | | | | | |
| 353.5. Retirements Calculated in Plant | | | | | | |
| 353.6. End Balance - Calculated | | | | | | |
| 354. Distribution | | | | | | |
| 354.1. Depreciation | | | | | | |
| 354.2. Retirements Calculated in Plant | | | | | | |
| 354.3. Distribution | | | | | | |
| 354.4. Depreciation | | | | | | |
| 354.5. Retirements Calculated in Plant | | | | | | |
| 354.6. End Balance - Calculated | | | | | | |
| 355. Distribution | | | | | | |
| 355.1. Depreciation | | | | | | |
| 355.2. Retirements Calculated in Plant | | | | | | |
| 355.3. Distribution | | | | | | |
| 355.4. Depreciation | | | | | | |
| 355.5. Retirements Calculated in Plant | | | | | | |
| 355.6. End Balance - Calculated | | | | | | |
| 360. Distribution | | | | | | |
| 360.1. Depreciation | | | | | | |
| 360.2. Retirements Calculated in Plant | | | | | | |
| 360.3. Distribution | | | | | | |
| 360.4. Depreciation | | | | | | |
| 360.5. Retirements Calculated in Plant | | | | | | |
| 360.6. End Balance - Calculated | | | | | | |
| 365. Distribution | | | | | | |
| 365.1. Depreciation | | | | | | |
| 365.2. Retirements Calculated in Plant | | | | | | |
| 365.3. Distribution | | | | | | |
| 365.4. Depreciation | | | | | | |
| 365.5. Retirements Calculated in Plant | | | | | | |
| 365.6. End Balance - Calculated | | | | | | |
| 368. Distribution | | | | | | |
| 368.1. Depreciation | | | | | | |
| 368.2. Retirements Calculated in Plant | | | | | | |
| 368.3. Distribution | | | | | | |
| 368.4. Depreciation | | | | | | |
| 368.5. Retirements Calculated in Plant | | | | | | |
| 368.6. End Balance - Calculated | | | | | | |
| 371. Distribution | | | | | | |
| 371.1. Depreciation | | | | | | |
| 371.2. Retirements Calculated in Plant | | | | | | |
| 371.3. Distribution | | | | | | |
| 371.4. Depreciation | | | | | | |
| 371.5. Retirements Calculated in Plant | | | | | | |
| 371.6. End Balance - Calculated | | | | | | |