

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF COATESVILLE WASTEWATER SYSTEM

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT AT DECEMBER 31, 2007

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, INC.

Harrisburg, Pennsylvania

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RESULTS OF STUDY

PENNSYLVANIA-AMERICAN WATER COMPANY
DEPRECIATION STUDY OF COATESVILLE WASTEWATER SYSTEM
RESULTS OF STUDY

SUMMARY OF RESULTS

The results of the depreciation study of the Coatesville Wastewater System as of December 31, 2007, are summarized in Table 1, which sets forth the book reserve and the calculated annual depreciation related to net original cost. An explanation of the methods used in the study is set forth in a companion report titled "Depreciation Study of Coatesville Wastewater System - Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2008."

DETAILED TABULATIONS OF DEPRECIATION CALCULATIONS

The supporting data for the depreciation calculations are presented in account sequence in the section beginning on page 7. The original cost, calculated accrued depreciation, allocated book reserve, future accruals, remaining life and annual accrual are shown for each vintage of each account or subaccount.

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ESTIMATED SURVIVOR CURVES, NET ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2007

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT DECEMBER 31, 2007 (3)		BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
DEPRECIABLE PLANT								
354.20								
354.30	40-R3 40-R2.5	20,658.88 46,474.59	216 1,657	20,443 44,818	612 1,447	33.4 31.0	2.96 3.11	
354.40	65-R3 65-R3	2,643,870.94 2,365,449.03	634,568 1,535,548	2,009,304 829,901	59,844 416,129	33.6 2.0	2.26 17.59	
	TOTAL ACCOUNT 354.4	5,009,319.97	2,170,116	2,839,205	475,973	6.0	9.50	
354.70	35-S2 35-S2	157,079.29 17,274.00	45,182 11,087	111,897 6,187	5,903 3,139	19.0 2.0	3.76 18.17	
	TOTAL ACCOUNT 354.7	174,353.29	56,269	118,084	9,042	13.1	5.19	
355.20	25-R3 25-R3	1,846.41 44,265.48	30 14,094	1,816 30,171	87 2,485	20.9 12.1	4.71 5.61	
355.40	30-S2.5 30-S2.5	1,160.76 1,756,034.79	195 76,831	966 1,679,204	46 32,847	21.0 51.1	3.96 1.87	
360.20	60-S2.5 60-S2.5	8,578,153.39 614,201.65	1,014,335 33,253	7,564,820 580,949	184,948 13,148	40.9 44.2	2.16 2.14	
361.10	55-R3 55-R3	2,270,662.01 58,621.70	264,974 6,478	2,005,687 52,142	49,808 3,352	40.3 15.6	2.19 5.72	
363.20	25-R1.5 45-R3	7,369.99	69	7,301	194	37.6	2.63	
370.30	45-R1 45-R1	134,886.46 342,644.74	5,835 216,979	129,051 125,666	5,233 63,569	24.7 2.0	3.88 18.55	
	TOTAL ACCOUNT 371.3	477,531.20	222,814	254,717	68,802	3.7	14.41	
380.40	25-S2 25-S2	259,840.82 769,254.48	86,280 500,664	173,561 268,591	14,682 166,800	11.8 1.6	5.65 21.68	
	TOTAL ACCOUNT 380.4	1,029,095.30	586,944	442,152	181,482	2.4	17.64	
389.10	20-SQ 20-SQ	76,423.32 111,711.75	2,762 62,321	73,662 49,391	3,888 24,696	18.9 2.0	5.09 22.11	
	TOTAL ACCOUNT 389.1	188,135.07	65,083	123,053	28,584	4.3	15.19	

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ESTIMATED SURVIVOR CURVES, NET ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2007

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT DECEMBER 31, 2007 (3)	BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
390.00	OFFICE FURNITURE AND EQUIPMENT	19,759.00	8,450	11,309	1,197	9.4	6.06
392.00	STORES EQUIPMENT	6,778.64	1,174	5,605	307	18.3	4.53
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	28,394.79	3,640	24,755	1,524	16.2	5.37
394.00	LABORATORY EQUIPMENT	52,436.94	23,916	28,521	6,373	4.5	12.15
395.00	POWER OPERATED EQUIPMENT	80,079.14	21,126	58,953	7,244	8.1	9.05
396.00	COMMUNICATION EQUIPMENT	20,435.09	12,214	8,221	1,490	5.5	7.29
397.00	MISCELLANEOUS EQUIPMENT	365,043.49	59,385	305,658	20,399	15.0	5.59
TOTAL DEPRECIABLE PLANT		20,850,811.57	4,643,263	16,208,550	1,091,381	14.9	5.23
NONDEPRECIABLE PLANT							
352.00	FRANCHISES	150,568.58					
353.40	LAND AND LAND RIGHTS - TDP	71,343.00					
TOTAL NONDEPRECIABLE PLANT		221,911.58					
TOTAL WASTEWATER COMPANY		21,072,723.15					

* Life Span Procedure used. Curve shown is Interim Survivor Curve.

** Life Span Procedure used for assets that will be replaced with new treatment plant.

DETAILED DEPRECIATION CALCULATIONS

NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.20 STRUCTURES & IMPROVEMENTS - COLL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R3						
NET SALVAGE PERCENT.. 0						
2007	20,658.88	306	216	20,443	33.40	612
	20,658.88	306	216	20,443		612
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					33.4	2.96

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.30 STRUCTURES & IMPROVEMENTS - SPP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
2001	179,000.00	33,509	23,678	155,322	28.22	5,504
2004	36,911.17	3,876	2,739	34,172	29.83	1,146
2006	943,149.74	44,422	31,390	911,760	30.35	30,042
2007	754,967.68	12,608	8,909	746,059	29.53	25,264
9999	1,867,554.00-	92,070-	65,059-	1,802,495-		60,509-
	46,474.59	2,345	1,657	44,818		1,447
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					31.0	3.11

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT PLANT - TO STAY						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 12-2048						
NET SALVAGE PERCENT.. 0						
1961	411,529.11	281,321	198,787	212,742	21.52	9,886
1987	796,613.00	300,482	212,327	584,286	33.85	17,261
1988	1,035,509.00	377,650	266,855	768,654	33.97	22,627
1990	3,907.00	1,313	928	2,979	34.58	86
1991	123,376.00	39,493	27,907	95,469	35.05	2,724
1993	11,340.50	3,289	2,324	9,017	35.50	254
1994	146,068.50	40,037	28,291	117,778	35.76	3,294
1995	11,077.00	2,852	2,015	9,062	36.04	251
1998	670,891.94	137,667	97,279	573,613	36.80	15,587
2001	283,666.22	42,238	29,846	253,820	37.17	6,829
2002	116,100.00	14,884	10,517	105,583	37.42	2,822
2003	1,000.00	107	76	924	37.52	25
2006	48,512.51	1,858	1,313	47,200	37.71	1,252
2007	672.16	9	6	666	37.52	18
9999	1,016,392.00-	345,167-	243,903-	772,489-		23,072-
	2,643,870.94	898,033	634,568	2,009,304		59,844

TREATMENT PLANT - TO BE RETIRED
INTERIM SURVIVOR CURVE.. IOWA 65-R3
PROBABLE RETIREMENT YEAR.. 12-2009
NET SALVAGE PERCENT.. 0

1932	39,928.20	38,890	27,480	12,448	2.02	6,162
1950	31,500.00	30,429	21,502	9,998	2.02	4,950
1961	250,321.37	239,783	169,436	80,885	2.04	39,650
1962	1,043.00	1,001	707	336	1.89	178
1965	1,433.00	1,370	968	465	1.94	240
1967	48,600.00	46,257	32,686	15,914	2.05	7,763
1970	89,930.96	85,326	60,293	29,638	2.02	14,672
1973	1,798.00	1,700	1,201	597	2.00	299
1975	160.00	151	107	53	1.98	27
1981	88,960.00	82,751	58,474	30,486	1.99	15,320
1985	45,099.00	41,401	29,255	15,844	2.01	7,883
1987	857,684.00	782,465	552,905	304,779	1.97	154,710

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT PLANT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1988	821,827.50	745,233	526,597	295,231	2.00	147,616
1989	886.00	800	565	321	1.99	161
1990	7,215.00	6,478	4,578	2,637	1.99	1,325
1991	14,095.00	12,583	8,891	5,204	1.98	2,628
1994	52,405.00	45,634	32,246	20,159	2.00	10,080
1995	12,563.00	10,836	7,657	4,906	1.99	2,465
	2,365,449.03	2,173,088	1,535,548	829,901		416,129
	5,009,319.97	3,071,121	2,170,116	2,839,205		475,973
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					6.0	9.50

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.70 STRUCTURES & IMPROVEMENTS - GEN

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BUILDING - TO STAY						
SURVIVOR CURVE.. IOWA 35-S2						
NET SALVAGE PERCENT.. 0						
1993	140,772.00	62,869	44,425	96,347	17.97	5,362
1995	1,510.00	593	419	1,091	19.35	56
2002	1,478.94	263	186	1,293	25.46	51
2007	13,318.35	216	152	13,166	30.36	434
	157,079.29	63,941	45,182	111,897		5,903
BUILDING - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 35-S2						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1987	16,114.00	14,701	10,388	5,726	1.97	2,907
1996	1,160.00	989	699	461	1.99	232
	17,274.00	15,690	11,087	6,187		3,139
	174,353.29	79,631	56,269	118,084		9,042
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.1	5.19

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.20 POWER GENERATION EQUIPMENT - COLL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. 0						
2007	1,846.41	43	30	1,816	20.87	87
	1,846.41	43	30	1,816		87
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.9	4.71

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.40 POWER GENERATION EQUIPMENT - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. 0						
1987	42,310.00	31,661	22,373	19,937	6.90	2,889
2001	42,375.00	12,009	8,486	33,889	16.44	2,061
2002	22,450.00	5,433	3,839	18,611	17.23	1,080
2007	1,955.48	46	33	1,922	20.87	92
9999	64,825.00-	29,204-	20,637-	44,188-		3,637-
	44,265.48	19,945	14,094	30,171		2,485
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					12.1	5.61

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.50 POWER GENERATION EQUIPMENT - RWTP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-S2.5						
NET SALVAGE PERCENT.. 0						
2001	1,160.76	276	195	966	20.82	46
	1,160.76	276	195	966		46
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.0	3.96

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 360.20 FORCE MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-S2.5						
NET SALVAGE PERCENT.. 0						
1993	140,415.22	37,266	26,333	114,082	40.14	2,842
1994	48,680.72	12,029	8,500	40,181	41.14	977
2001	874,316.30	104,568	73,890	800,426	47.85	16,728
2002	277,714.74	28,105	19,860	257,855	48.85	5,279
2003	385,940.34	31,956	22,581	363,359	49.85	7,289
2004	1,409,260.00	90,756	64,131	1,345,129	50.85	26,453
2006	1,718,248.94	47,424	33,511	1,684,738	52.85	31,878
2007	986,396.53	9,075	6,413	979,984	53.85	18,198
9999	4,084,938.00-	252,449-	178,388-	3,906,550-		76,797-
	1,756,034.79	108,730	76,831	1,679,204		32,847
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					51.1	1.87

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.10 COLLECTION SEWER MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-S2.5						
NET SALVAGE PERCENT.. 0						
1915	113,541.98	108,183	76,444	37,098	4.58	8,100
1920	342,704.40	320,874	226,736	115,968	5.95	19,490
1930	403,480.02	365,876	258,535	144,945	7.97	18,186
1935	48,363.06	43,130	30,477	17,886	8.80	2,033
1945	46,702.57	39,408	27,846	18,857	11.57	1,630
1975	65,104.39	36,393	25,716	39,388	25.64	1,536
1990	11,278.00	3,592	2,538	8,740	37.45	233
1992	204,432.70	57,998	40,983	163,450	39.14	4,176
1993	196,405.74	52,126	36,833	159,573	40.14	3,975
1994	27,232.34	6,729	4,755	22,477	41.14	546
1996	46,112.00	9,707	6,859	39,253	43.14	910
1997	4,054,563.56	783,342	553,526	3,501,038	43.85	79,841
1998	476,678.78	83,323	58,878	417,801	44.85	9,316
1999	38,114.37	5,961	4,212	33,902	45.85	739
2000	130,693.74	18,036	12,745	117,949	46.85	2,518
2001	600,889.90	71,866	50,782	550,108	47.85	11,497
2002	30,588.00	3,096	2,188	28,400	48.85	581
2003	119,335.77	9,881	6,982	112,354	49.85	2,254
2004	62,605.76	4,032	2,849	59,757	50.85	1,175
2005	1,858,579.12	85,495	60,413	1,798,166	51.85	34,680
2006	14,595.60	403	285	14,311	52.85	271
2007	3,930,860.59	36,164	25,554	3,905,307	53.85	72,522
9999	4,244,709.00-	710,140-	501,801-	3,742,908-		91,261-
	8,578,153.39	1,435,475	1,014,335	7,563,820		184,948
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.9	2.16

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.20 MANHOLES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R3						
NET SALVAGE PERCENT.. 0						
2001	119,624.08	15,946	11,268	108,356	42.28	2,563
2002	138,614.92	15,705	11,097	127,518	43.04	2,963
2003	78,108.80	7,280	5,144	72,965	43.81	1,665
2004	163,760.08	11,922	8,425	155,335	44.58	3,484
2007	190,480.77	2,057	1,454	189,027	46.01	4,108
9999	76,387.00-	5,851-	4,135-	72,252-		1,635-
	614,201.65	47,059	33,253	580,949		13,148
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					44.2	2.14

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 363.20 SERVICE LATERALS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R3						
NET SALVAGE PERCENT.. 0						
1935	1,708.00	1,597	1,128	580	5.02	116
1980	556,024.26	284,406	200,967	355,057	26.26	13,521
1990	2,082.57	711	502	1,581	33.78	47
1992	26,994.96	8,244	5,825	21,170	35.26	600
1993	36,909.98	10,597	7,488	29,422	36.01	817
1994	16,017.57	4,304	3,041	12,977	36.75	353
1996	5,103.42	1,180	834	4,269	38.25	112
1997	349,515.04	73,783	52,138	297,377	39.25	7,576
1998	83,066.10	15,940	11,264	71,802	40.00	1,795
1999	97,350.00	16,803	11,874	85,476	40.76	2,097
2000	164,966.00	25,240	17,836	147,130	41.52	3,544
2001	103,077.20	13,740	9,709	93,368	42.28	2,208
2002	112,185.22	12,711	8,982	103,203	43.04	2,398
2003	162,685.43	15,162	10,714	151,971	43.81	3,469
2004	305,867.62	22,267	15,735	290,133	44.58	6,508
2005	177,139.42	9,264	6,546	170,593	45.34	3,763
2006	707,862.13	22,439	15,856	692,006	45.89	15,080
2007	376,433.09	4,065	2,872	373,561	46.01	8,119
9999	1,014,326.00-	167,465-	118,337-	895,989-		22,315-
	2,270,662.01	374,988	264,974	2,005,687		49,808
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.3	2.19

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 364.20 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R1.5						
NET SALVAGE PERCENT.. 0						
2001	2,038.40	600	424	1,614	15.57	104
2002	20,141.19	5,174	3,656	16,485	15.91	1,036
2003	7,550.27	1,641	1,160	6,390	16.20	394
2004	1,498.38	264	187	1,311	16.38	80
2006	11,144.09	949	670	10,474	16.11	650
2007	16,249.37	539	381	15,868	14.58	1,088
	58,621.70	9,167	6,478	52,142		3,352
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.6	5.72

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 370.30 RECEIVING WELLS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R3						
NET SALVAGE PERCENT.. 0						
2007	7,369.99	97	69	7,301	37.67	194
	7,369.99	97	69	7,301		194
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					37.6	2.63

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 371.30 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PUMPING EQUIPMENT - TO STAY						
SURVIVOR CURVE.. IOWA 45-R1						
NET SALVAGE PERCENT.. 0						
2002	1,070.55	175	124	947	28.06	34
2004	2,713.26	309	218	2,495	27.27	91
2005	75,723.20	6,512	4,602	71,121	26.57	2,677
2006	46,527.46	2,610	1,844	44,683	25.24	1,770
2007	48,851.99	1,099	776	48,076	21.72	2,213
9999	40,000.00-	2,448-	1,729-	38,271-		1,552-
	134,886.46	8,257	5,835	129,051		5,233
PUMPING EQUIPMENT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 45-R1						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1960	16,267.00	15,608	11,029	5,238	2.00	2,619
1961	6,575.00	6,298	4,450	2,125	2.04	1,042
1965	52,090.00	49,814	35,199	16,891	1.94	8,707
1970	49,639.00	47,097	33,280	16,359	2.02	8,099
1985	25,606.00	23,565	16,651	8,955	1.95	4,592
1987	84,366.00	76,967	54,387	29,979	1.97	15,218
1994	14,096.00	12,293	8,686	5,410	1.98	2,732
1996	313.00	267	189	124	1.98	63
1998	300.00	248	175	125	1.98	63
1999	51,445.82	41,717	29,478	21,968	1.98	11,095
2000	41,946.92	33,193	23,455	18,492	1.98	9,339
	342,644.74	307,067	216,979	125,666		63,569
	477,531.20	315,324	222,814	254,717		68,802
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					3.7	14.41

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 380.40 TREATMENT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT EQUIPMENT - TO STAY						
SURVIVOR CURVE.. IOWA 25-S2						
NET SALVAGE PERCENT.. 0						
1987	198,012.00	145,737	102,980	95,032	7.35	12,930
1993	1,450.50	852	602	849	10.19	83
1994	1,593.50	886	626	968	10.77	90
1995	7,720.00	4,044	2,858	4,862	11.37	428
2001	152,923.03	44,531	31,467	121,456	15.82	7,677
2002	59,752.06	14,789	10,450	49,302	16.72	2,949
2004	14,265.48	2,263	1,599	12,666	18.57	682
2005	22,131.90	2,512	1,775	20,357	19.53	1,042
2007	1,046.35	24	17	1,029	21.53	48
9999	199,054.00-	93,535-	66,094-	132,960-		11,247-
	259,840.82	122,103	86,280	173,561		14,682
TREATMENT EQUIPMENT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 25-S2						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1961	22,147.00	21,937	15,501	6,646	0.45	6,646
1962	143,654.00	141,844	100,230	43,424	0.58	43,424
1970	19,027.00	18,338	12,958	6,069	1.41	4,304
1973	432.00	413	292	140	1.60	88
1975	290.00	276	195	95	1.63	58
1987	322,741.00	295,760	208,990	113,751	1.87	60,829
1988	154,427.50	140,931	99,585	54,843	1.87	29,328
1990	4,244.00	3,825	2,703	1,541	1.92	803
1991	2,905.00	2,603	1,839	1,066	1.92	555
1992	4,446.00	3,956	2,795	1,651	1.92	860
1995	6,706.00	5,801	4,099	2,607	1.95	1,337
1996	7,142.00	6,103	4,313	2,829	1.96	1,443
1998	71,387.98	59,074	41,743	29,645	1.98	14,972
2000	9,705.00	7,672	5,421	4,284	1.99	2,153
	769,254.48	708,533	500,664	268,591		166,800
	1,029,095.30	830,636	586,944	442,152		181,482
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.4	17.64

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 389.10 OTHER PLANT & MISC EQUIPMENT-INTANGIBLE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
OTHER PLANT & MISC. EQUIP. - TO STAY						
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2003	8,491.79	1,911	1,350	7,142	15.50	461
2005	2,997.03	375	265	2,732	17.50	156
2007	64,934.50	1,623	1,147	63,788	19.50	3,271
	76,423.32	3,909	2,762	73,662		3,888
OTHER PLANT & MISC. EQUIP. - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
2000	111,711.75	88,196	62,321	49,391	2.00	24,696
	188,135.07	92,105	65,083	123,053		28,584
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.3	15.19

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 390 OFFICE FURNITURE AND EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1955	319.00	319	319			
1970	144.00	144	144			
1980	599.00	599	599			
1987	2,814.00	2,814	2,814			
1990	238.00	208	118	120	2.50	48
1991	213.00	176	100	113	3.50	32
1994	676.00	456	258	418	6.50	64
1995	430.00	269	152	278	7.50	37
1996	2,474.00	1,423	805	1,669	8.50	196
1998	11,059.00	5,253	2,973	8,086	10.50	770
2000	793.00	297	168	625	12.50	50
	19,759.00	11,958	8,450	11,309		1,197
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.4	6.06

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 392 STORES EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	920.00	607	429	491	8.50	58
2003	5,858.64	1,055	745	5,114	20.50	249
	6,778.64	1,662	1,174	5,605		307
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.3	4.53

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 393 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	2,640.54	858	606	2,035	13.50	151
2002	14,591.33	4,013	2,836	11,755	14.50	811
2006	26.99	2	1	26	18.50	1
2007	11,135.93	278	197	10,939	19.50	561
	28,394.79	5,151	3,640	24,755		1,524
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					16.2	5.37

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 394 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1980	2,331.00	2,331	2,331			
1985	12,845.00	12,845	12,845			
1987	7,975.00	7,975	7,975			
1992	2,365.00	2,365	2,365			
1993	2,900.00	2,803	538-	3,438	0.50	3,438
1995	1,251.00	1,042	200-	1,451	2.50	580
1996	1,700.00	1,303	250-	1,950	3.50	557
1998	370.00	234	45-	415	5.50	75
2001	1,969.36	853	164-	2,133	8.50	251
2002	2,928.85	1,074	207-	3,136	9.50	330
2006	7,401.23	740	142-	7,543	13.50	559
2007	8,400.50	280	54-	8,455	14.50	583
	52,436.94	33,845	23,916	28,521		6,373
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.5	12.15

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 395 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-L3						
NET SALVAGE PERCENT.. 0						
1985	496.00	444	314	182	2.63	69
1991	12,782.00	10,419	7,362	5,420	3.74	1,449
1993	9,999.00	7,873	5,563	4,436	3.92	1,132
1996	875.00	630	445	430	4.47	96
2005	55,927.14	10,531	7,442	48,485	10.78	4,498
	80,079.14	29,897	21,126	58,953		7,244
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.1	9.05

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 396 COMMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1985	3,304.00	3,304	3,304			
1987	5,077.00	5,077	5,077			
1990	7,075.00	7,075	7,075			
1995	320.00	267	473-	793	2.50	317
1997	1,885.00	1,320	2,340-	4,225	4.50	939
2006	2,236.36	224	397-	2,633	13.50	195
2007	537.73	18	32-	570	14.50	39
	20,435.09	17,285	12,214	8,221		1,490
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					5.5	7.29

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 397 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1970	2,306.00	2,306	2,306			
1975	259.00	259	259			
1980	164.00	164	164			
1987	3,170.00	3,170	3,170			
1991	11,886.00	9,806	6,712	5,174	3.50	1,478
1994	408.00	275	188	220	6.50	34
1995	8,120.00	5,075	3,474	4,646	7.50	619
1996	6,329.00	3,639	2,491	3,838	8.50	452
1997	1,850.00	971	665	1,185	9.50	125
1999	3,638.00	1,546	1,058	2,580	11.50	224
2000	1,906.00	715	489	1,417	12.50	113
2001	8,406.99	2,732	1,870	6,537	13.50	484
2002	38,152.53	10,492	7,181	30,972	14.50	2,136
2003	131,967.24	29,693	20,324	111,643	15.50	7,203
2004	58,916.40	10,310	7,057	51,859	16.50	3,143
2005	43,580.31	5,448	3,728	39,852	17.50	2,277
2006	45,840.54	3,438	2,352	43,489	18.50	2,351
2007	27,143.48	679	465	26,678	19.50	1,368
9999	29,000.00-	6,676-	4,568-	24,432-		1,618-
	365,043.49	84,042	59,385	305,658		20,389
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.0	5.59

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF COATESVILLE WASTEWATER SYSTEM

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT AT DECEMBER 31, 2008

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



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April 22, 2008

Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

Attention Mr. John R. Cox
Assistant Manger of Rates and Regulations

Gentlemen:

Pursuant to your request, we have determined the annual depreciation accruals applicable to utility plant. The results of our study at December 31, 2008, are presented in the attached report. The results of our study at December 31, 2007, are presented in our report, "Depreciation Study of Coatesville Wastewater System - Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2007." The same methods, procedures and estimates are used in both studies.

The attached report sets forth a description of the methods and procedures upon which the studies were based, the estimates of survivor curves, and the calculated annual depreciation at December 31, 2008.

Respectfully submitted,

GANNETT FLEMING, INC.

A handwritten signature in black ink that reads "John J. Spanos".

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm



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PART I. METHODS USED IN STUDY

PENNSYLVANIA-AMERICAN WATER COMPANY

DEPRECIATION STUDY OF COATESVILLE WASTEWATER SYSTEM

PART I. METHODS USED IN STUDY

INTRODUCTION

The report presents the methods used in and the results of the depreciation study conducted for Pennsylvania-American Water Company's Coatesville Wastewater System related to utility plant in service at December 31, 2008. Part I, Methods Used in Study, contains statements with respect to the basis of the study, the estimation of survivor curves, the book reserve and the method of calculating annual depreciation. Part II, Results of Study, contains the statistics related to the life studies in graphic and tabular form and the summary and detailed tabulations of annual depreciation.

BASIS OF THE STUDY

The purpose of the depreciation study was to determine the annual depreciation accruals applicable to the cost of utility plant in service at December 31, 2008. For most accounts, the straight line remaining life method using attained ages, the book depreciation reserve and estimated survivor curves, was the basis for the calculation of annual depreciation. For certain accounts, the annual and accrued amortization amounts were based on the age of the property and the selected amortization period.

The survivor curve estimates were based on judgment which incorporated (1) analyses of historical data related to the property; (2) consideration of the character, use and location of the property; (3) probable future events and management plans; and (4) a general knowledge of wastewater property lives. The use of Iowa type survivor curves

is a generally-accepted method of estimating average service life when the actual lives of individual property units are dispersed. When the majority of the units within a property group were expected to experience a common retirement date, the life span procedure was used. Interim survivor curves were used with life span groups to represent retirements expected to occur before the estimated final retirement date for the group.

ESTIMATION OF SURVIVOR CURVES

Statistical Analyses of Data. The method of life analysis used in the study consisted of compiling the past history of the depreciable accounts or groups, analyzing historical trends through the use of recognized techniques, and forecasting the trend of survivors for each depreciable group based on an interpretation of past trends and future plans. The estimates of average service life and dispersion result from consideration of both the historical and forecasted trends.

The aged data analyzed for the purpose of estimating survivor curves were compiled from the property records of the Company. These data included plant additions, retirements, sales, transfers, and adjustments recorded through 2007.

The actuarial retirement rate method was used for the analysis of the retirement activity related to the depreciable properties of this company. The method is explained in several recognized published texts, including "Statistical Analyses of Industrial Property Retirements"¹ and "Engineering Valuation and Depreciation."²

Each retirement rate analysis resulted in a life table which, when plotted, formed an original survivor curve. Each original survivor curve as plotted from the life table represents

¹Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

²Anson Marston, Robley Winfrey, and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

the average survivor pattern experienced by the several vintage groups during the experience band studied. Inasmuch as this survivor pattern does not necessarily describe the life characteristics of the property group, interpretation of these original curves is required in order to use them as a valid consideration in the process of service life estimation. Standard type curves, generally the Iowa type curves, were used to aid these interpretations.

Judgments. The survivor curve estimates were based on judgment which considered factors including statistical analyses of retirements, Company policies and outlook as determined during discussions with management, and survivor curve estimates from previous studies of the Company, as well as other water and wastewater companies. For depreciable groups which consist of numerous similar items of property, the distribution of the lives of the units in the group was judged on the basis of an average survival pattern for the entire group. The judgments for a life span group were made by estimating the life of the major facility in the group and assigning lives to the related items of property which terminate at the probable retirement date of the major facility.

The life span estimate for the treatment plant in Account 354.4 was based on the type of construction, attained age and specific plans of management. The age of this group is approximately equal to or greater than the estimate typically made for the property group. The interim survivor curve, 65-R3, was estimated for the plant based on prior studies and judgment. Additionally, there are interim survivor curves for other asset classes that will have large retirements in 2009 when the new treatment plant is added.

The average survivor curves estimated for depreciable groups with numerous similar items were based on statistical analyses, Company policies, and previous estimates made for this and other companies. For some of the mass plant accounts and subaccounts for

which survivor curves were estimated, the statistical analysis resulted in good indications of the survivor patterns experienced. The survivor curves are set forth beginning on page II-10.

The amortization periods selected for general plant Accounts 389.1, 390, 392, 393, 394, 396, and 397 are discussed in the section, "Amortization of General Plant Accounts."

BOOK RESERVE

The book reserve as of December 31, 2008, is the result of a bringforward of the book reserves established by the Commission for Coatesville Wastewater System in 2001.

The book reserve activity subsequent to the 2001 filing date consists of accruals, retirements, cost of removal, salvage and other debits and credits recorded to the book reserve through December 31, 2007. The projected book reserve as of December 31, 2008, is a bringforward of the December 31, 2007 book reserve based on projected accruals, retirements, cost of removal, salvage and other credits.

CALCULATION OF DEPRECIATION

The annual depreciation accruals as of December 31, 2008, are based on the straight line remaining life method and the equal life group procedure. For the purpose of calculating the remaining life accruals as of December 31, 2008, the book reserve is allocated among vintages in proportion to the calculated accrued depreciation as of December 31, 2008.

Group Depreciation Procedures. A group procedure for depreciation is appropriate when considering more than a single item of property. Normally, the items within a group do not have identical service lives, but have lives that are dispersed over a range of time.

In the average service life procedure, the rate of annual depreciation is based on the average life or average remaining life of the group, and this rate is applied to the

surviving balances of the group's cost. A characteristic of this procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to average life is more than fully recouped. Over the entire life cycle, the portion of cost not recouped prior to average life is balanced by the cost recouped subsequent to average life.

In the equal life group procedure, the property group is subdivided according to service life. That is, each equal life group includes that portion of the property which experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve. This procedure eliminates the need to base depreciation on average lives, inasmuch as each group is equivalent to a unit having a single life. The full costs of short-lived units are accrued during their lives, leaving no deferral of accruals required to be added to the annual costs associated with long-lived units. The calculated depreciation for the property group is the summation of the calculated depreciation based on the service life of each equal life group.

Remaining Life Annual Accruals. For the purpose of calculating remaining life accrual rates as of December 31, 2008, the estimated book depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation based on the equal life group procedure follow. The detailed calculations are set forth in the Results of Study section of the report.

Equal Life Group Procedure. In the equal life group procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that

vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left(\frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated survivor curve.

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc. Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

The annual accrual rate for each account is equal to the sum of the remaining life annual accruals for all vintages divided by the account's total original cost. The account's "composite remaining life" is calculated by dividing the sum of the future book accruals for all vintages by the sum of the remaining life annual accruals for all vintages.

The calculated accrued depreciation in the equal life group procedure also represents that portion of depreciable cost which will not be allocated to expense through future accruals. However, the calculation is based at the equal life group level rather than the vintage group level, and does not require the use of averages. The equal life group accrued depreciation ratio is calculated as follows:

$$\text{Ratio} = 1 - \frac{\text{Remaining Life}}{\text{Service Life}}$$

Inasmuch as service life minus remaining life equals age, when averages are not employed, the foregoing equation reduces to:

$$\text{Ratio} = \frac{\text{Age}}{\text{Service Life}}$$

AMORTIZATION OF GENERAL PLANT ACCOUNTS

In order to use a more efficient and cost effective accounting process for equipment recorded in general plant Accounts 389.1, 390, 392, 393, 394, 396, and 397; amounts capitalized in these accounts are amortized rather than depreciated. Amortization as defined in the Uniform System of Accounts is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

The primary reasons for the amortization of certain general plant accounts is that the effort required to unitize additions, periodically inventory equipment and determine amounts to be retired for equipment recorded in these accounts is disproportionate to the original cost of the equipment when compared to other water plant accounts.

Accounting for such equipment using an amortization concept consists of capitalization of amounts to these accounts based on the same criteria as used previously under depreciation accounting, amortization of the asset over a fixed period, retirement of the equipment at the end of the amortization period and recognition of any net salvage related to disposition of equipment in these accounts as a gain or loss. For equipment in

these accounts that was placed in service prior to implementation of amortization accounting, the net book value by vintage amortized over the remaining amortization period specified for each account and the original cost will be retired at the end of this period.

The amortization periods selected for each account or subaccount are based on a review of the existing depreciation rates for the accounts, typical service lives used for each type of equipment and a consideration of the period during which it is anticipated that most of the benefit of the equipment will be realized. The amortization periods are as follows:

<u>Account Number</u>	<u>Description</u>	<u>Amortization Period, Years</u>
389.1	Other Plant and Miscellaneous Equipment - Intangible	20
390	Office Furniture and Equipment	20
392	Stores Equipment	25
393	Tools, Shop and Garage Equipment	20
394	Laboratory Equipment	15
396	Communication Equipment	15
397	Miscellaneous Equipment	20

NET SALVAGE

Experienced net salvage is incorporated in the results of the study as it was reported on the Company's books and records for the period January 1, 2004 through December 31, 2007, and estimated for the period January 1, 2008 through December 31, 2008. The calculation of the amortization is shown in Table 4 on II-8. The amounts of salvage and removal cost by account for each year are set forth in the section beginning on page II-72.

Net salvage is presented in this manner to determine the amount of net salvage to be amortized to the cost of service for ratemaking purposes. In order to be consistent with this manner of recognizing net salvage, no adjustments for net salvage were made to the annual depreciation calculated for the individual accounts.

II-1

PART II. RESULTS OF STUDY

PART II. RESULTS OF STUDY

DESCRIPTION OF SUMMARY TABULATIONS

The results of the depreciation study are summarized in Table 1 which sets forth, by depreciable group, the estimated survivor curve, calculated annual accruals and book reserve related to net original cost. Table 2 presents the bringforward to December 31, 2008 of the book reserve as of December 31, 2007. Table 3 sets forth the calculation of estimated depreciation accruals for the twelve months ended December 31, 2008. Table 4 presents the amortization of experienced and estimated net salvage, by account, based on the five-year period, 2004-2008.

DESCRIPTION OF DETAILED TABULATIONS

Supporting statistical data for the estimates of average service lives and survivor curves, the annual depreciation calculations, and salvage and cost of removal for the years 2004-2008 are presented in three sections.

The section beginning on page II-9 sets forth, for each depreciable group analyzed by the retirement rate method, a chart depicting the original and estimated survivor curves followed by a tabular presentation of the original life table plotted on the chart. The supporting data for the original cost depreciation calculations are presented in the section beginning on page II-45. The tabulations of experienced and estimated net salvage, by year and account for the five-year period 2004-2008, are presented in the section beginning on page II-71.

In the first section, the survivor curves estimated for the depreciable groups are shown as dark smooth curves on the charts. Each smooth survivor curve is denoted by a numeral followed by the type curve designation. The numeral used is the average life

derived from the entire curve from 100 percent to zero percent surviving. In cases where only a segment of the estimated curve is used in the depreciation calculation, the numeral used for identification purposes is not a designation of the average life of the group. The titles of the charts indicate the group, the symbol used to plot the points of the original life table, and the experience and placement bands of the life tables which were plotted. The experience band indicates the range of years for which the retirements were used to develop the stub survivor curve. The placements indicate, for the related experience band, the range of years of installations which appear in the experience.

The tables of the calculated annual depreciation related to net original cost are presented in account sequence in the second section and indicate the estimated average survivor curves used in the calculations. The tables set forth, for each installation year, the original cost, calculated accrued depreciation, allocated book reserve, remaining life expectancy, and the calculated annual accrual.

Detailed tabulations setting forth the cost of removal, gross salvage and net salvage amounts, by account and year, are presented in the third section. The net salvage amounts, by account and year, are carried forward to Table 4, which presents the five-year amortization of net salvage.

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

TABLE 1. ESTIMATED SURVIVOR CURVES, NET ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2008

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT DECEMBER 31, 2008 (3)		BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
DEPRECIABLE PLANT								
354.20	STRUCTURES & IMPROVEMENTS - COLL	40-R3	20,658.88	828	19,831	590	33.6	2.86
354.30	STRUCTURES & IMPROVEMENTS - SPP	40-R2.5	46,474.59	3,102	43,373	1,418	30.6	3.05
354.40	STRUCTURES & IMPROVEMENTS - TDP EXISTING	65-R3 *	1,915,870.94	659,744	1,256,128	37,784	33.2	1.97
	TO BE RETIRED	65-R3 **	2,365,449.03	1,951,677	413,772	408,303	1.0	17.26
	TOTAL ACCOUNT 354.4		4,281,319.97	2,611,421	1,669,900	446,087	3.7	10.42
354.70	STRUCTURES & IMPROVEMENTS - GEN EXISTING	35-S2	157,079.29	51,092	105,987	5,833	18.2	3.71
	TO BE RETIRED	35-S2 **	17,274.00	14,226	3,048	3,048	1.0	17.65
	TOTAL ACCOUNT 354.7		174,353.29	65,318	109,035	8,881	12.3	5.09
355.20	POWER GENERATION EQUIPMENT - COLL	25-R3	1,846.41	117	1,729	85	20.3	4.60
355.40	POWER GENERATION EQUIPMENT - TDP	25-R3	44,265.48	16,577	27,688	2,384	11.6	5.39
355.50	POWER GENERATION EQUIPMENT - RWTP	30-S2.5	1,160.76	241	920	46	20.0	3.96
360.20	FORCE MAINS	60-S2.5	2,478,372.79	24,390	2,453,983	48,479	50.6	1.96
361.10	COLLECTION SEWER MAINS	60-S2.5	11,123,790.39	789,346	10,334,445	228,594	45.2	2.06
361.20	MANHOLES	55-R3	844,313.65	5,128	839,185	18,948	44.3	2.24
363.20	SERVICE LATERALS	55-R3	2,400,562.01	301,624	2,098,940	52,160	40.2	2.17
364.20	FLOW MEASURING DEVICES	25-R1.5	58,621.70	9,831	48,789	3,060	15.9	5.22
370.30	RECEIVING WELLS	45-R3	7,369.99	263	7,107	190	37.4	2.58
371.30	PUMPING EQUIPMENT EXISTING	45-R1	134,886.46	11,078	123,808	4,770	26.0	3.54
	TO BE RETIRED	45-R1 **	342,644.74	280,548	62,097	61,859	1.0	18.05
	TOTAL ACCOUNT 371.3		477,531.20	291,626	185,905	66,629	2.8	13.95
380.40	TREATMENT EQUIPMENT EXISTING	25-S2	259,840.82	101,012	158,829	13,941	11.4	5.37
	TO BE RETIRED	25-S2 **	769,254.48	667,464	101,791	101,791	1.0	13.23
	TOTAL ACCOUNT 380.4		1,029,095.30	768,476	260,620	115,732	2.3	11.25
389.10	OTHER PLANT & MISC EQUIPMENT-INTANGIBLE EXISTING	20-SQ	76,423.32	6,644	69,780	3,885	18.0	5.08
	TO BE RETIRED	20-SQ **	111,711.75	87,017	24,695	24,695	1.0	22.11
	TOTAL ACCOUNT 389.1		188,135.07	93,661	94,475	28,580	3.3	15.19

PENNSYLVANIA AMERICAN WATER COMPANY
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TABLE 1. ESTIMATED SURVIVOR CURVES, NET ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2008

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT DECEMBER 31, 2008 (3)	BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
390.00	OFFICE FURNITURE AND EQUIPMENT	19,759.00	9,647	10,112	1,215	8.3	6.15
392.00	STORES EQUIPMENT	6,778.64	1,481	5,298	307	17.3	4.53
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	28,394.79	5,165	23,230	1,521	15.3	5.36
394.00	LABORATORY EQUIPMENT	52,436.94	30,287	22,150	2,940	7.5	5.61
395.00	POWER OPERATED EQUIPMENT	80,079.14	28,373	51,706	6,589	7.8	8.23
396.00	COMMUNICATION EQUIPMENT	20,435.09	13,704	6,731	545	12.4	2.67
397.00	MISCELLANEOUS EQUIPMENT	365,043.49	79,791	285,252	20,417	14.0	5.59
TOTAL DEPRECIABLE PLANT		23,750,798.57	5,150,397	18,600,404	1,055,397	17.6	4.44
NONDEPRECIABLE PLANT							
352.00	FRANCHISES	150,568.58					
353.40	LAND AND LAND RIGHTS - TDP	71,343.00					
TOTAL NONDEPRECIABLE PLANT		221,911.58					
TOTAL WASTEWATER COMPANY		23,972,710.15					

* Life Span Procedure used. Curve shown is Interim Survivor Curve.

** Life Span Procedure used for assets that will be replaced with new treatment plant.

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TABLE 2. BRING FORWARD TO DECEMBER 31, 2008 OF BOOK RESERVE AS OF DECEMBER 31, 2007

DEPRECIABLE GROUP (1)	BOOK RESERVE	DEPRECIATION	PROJECTED	PROJECTED	PROJECTED	PROJECTED	BOOK RESERVE
	AS OF DECEMBER 31, 2007 (2)	ACCRUALS (3)	RETIREMENTS (4)	GROSS SALVAGE (5)	COST OF REMOVAL (6)	AS OF DECEMBER 31, 2008 (7)	
DEPRECIABLE PLANT							
354.20	STRUCTURES & IMPROVEMENTS - COLL	216	612			828	
354.30	STRUCTURES & IMPROVEMENTS - SPP	1,657	1,445			3,102	
354.40	STRUCTURES & IMPROVEMENTS - TDP	2,170,116	441,305			2,611,421	
354.70	STRUCTURES & IMPROVEMENTS - GEN	56,269	9,049			65,318	
355.20	POWER GENERATION EQUIPMENT - COLL	30	87			117	
355.40	POWER GENERATION EQUIPMENT - TDP	14,094	2,483			16,577	
355.50	POWER GENERATION EQUIPMENT - RWTP	195	46			241	
360.20	FORCE MAINS	76,831	39,592	86,815	6,511	24,390	
361.10	COLLECTION SEWER MAINS	1,014,335	212,781	412,951	30,972	789,346	
361.20	MANHOLES	33,353	15,606	39,813	3,918	5,128	
363.20	SERVICE LATERALS	264,974	51,150	11,600	2,900	301,624	
364.20	FLOW MEASURING DEVICES	6,478	3,353			9,831	
370.30	RECEIVING WELLS	69	194			263	
371.30	PUMPING EQUIPMENT	222,814	68,812			291,626	
380.40	TREATMENT EQUIPMENT	586,944	181,532			768,476	
389.10	OTHER PLANT & MISC EQUIPMENT-INTANGIBLE	65,083	28,578			93,661	
390.00	OFFICE FURNITURE AND EQUIPMENT	8,450	1,197			9,647	
392.00	STORES EQUIPMENT	1,174	307			1,481	
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	3,640	1,525			5,165	
394.00	LABORATORY EQUIPMENT	23,916	6,371			30,287	
395.00	POWER OPERATED EQUIPMENT	21,126	7,247			28,373	
396.00	COMMUNICATION EQUIPMENT	12,214	1,490			13,704	
397.00	MISCELLANEOUS EQUIPMENT	59,385	20,406			79,791	
TOTAL DEPRECIABLE PLANT		4,643,263	1,095,168	551,179	7,446	44,301	5,150,397

PENNSYLVANIA AMERICAN WATER COMPANY
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TABLE 3. CALCULATION OF DEPRECIATION ACCRUALS FOR
THE TWELVE MONTHS ENDED DECEMBER 31, 2008

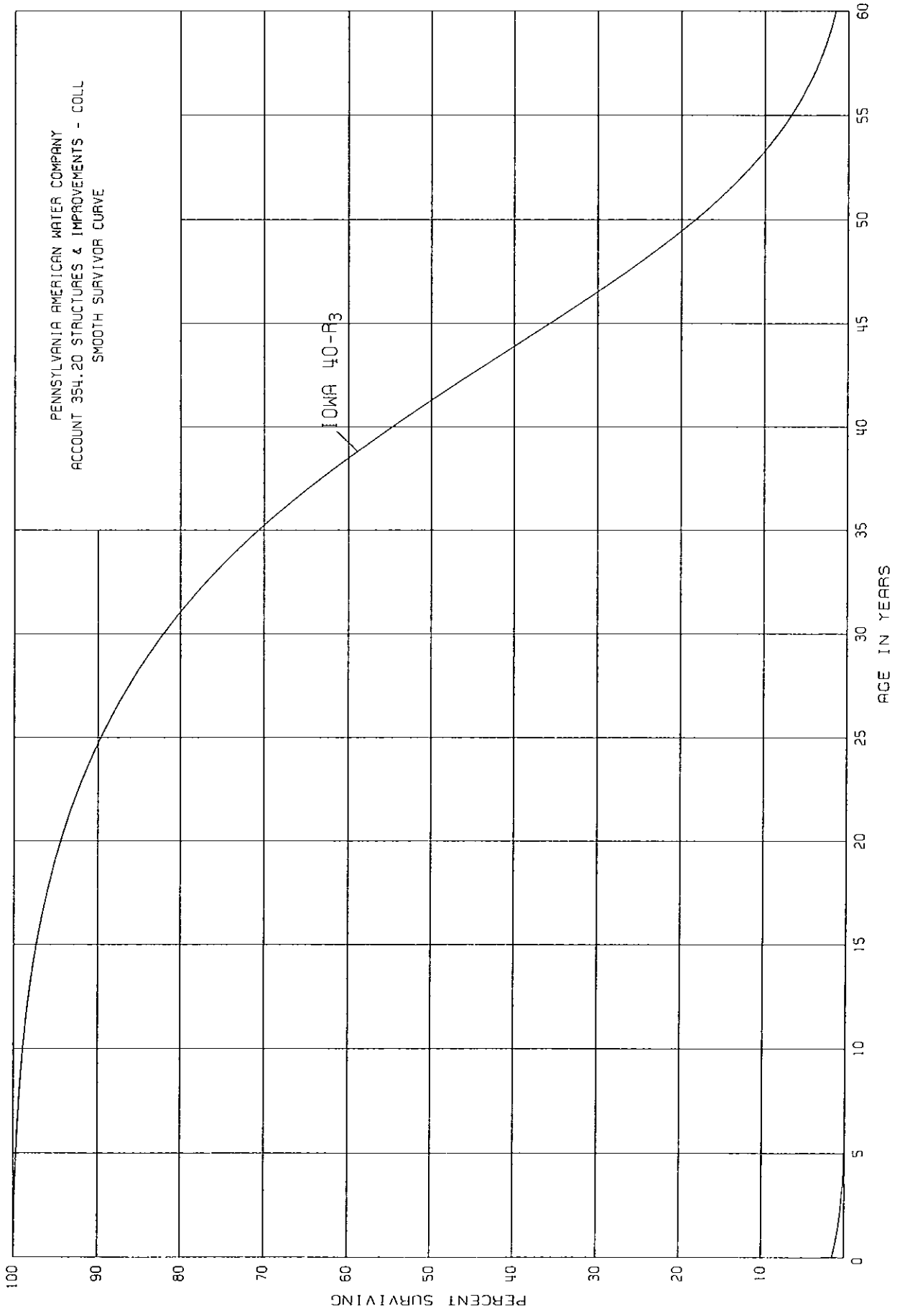
DEPRECIABLE GROUP (1)	NET ORIGINAL COST AT DECEMBER 31, 2007 (2)	NET ORIGINAL COST AT DECEMBER 31, 2008 (3)	COMPOSITE ACCRUAL RATE (4)	ANNUAL ACCRUAL AMOUNT (5)	
DEPRECIABLE PLANT					
354.20	STRUCTURES & IMPROVEMENTS - COLL	20,658.88	20,658.88	2.96	611.50
354.30	STRUCTURES & IMPROVEMENTS - SPP	46,474.59	46,474.59	3.11	1,445.36
354.40	STRUCTURES & IMPROVEMENTS - TDP	5,009,319.97	4,281,319.97	9.50	441,305.40
354.70	STRUCTURES & IMPROVEMENTS - GEN	174,353.29	174,353.29	5.19	9,048.94
355.20	POWER GENERATION EQUIPMENT - COLL	1,846.41	1,846.41	4.71	86.97
355.40	POWER GENERATION EQUIPMENT - TDP	44,265.48	44,265.48	5.61	2,483.29
355.50	POWER GENERATION EQUIPMENT - RWTP	1,160.76	1,160.76	3.96	45.97
360.20	FORCE MAINS	1,756,034.79	2,478,372.79	1.87	39,591.71
361.10	COLLECTION SEWER MAINS	8,578,153.39	11,123,790.39	2.16	212,780.99
361.20	MANHOLES	614,201.65	844,313.65	2.14	15,606.11
363.20	SERVICE LATERALS	2,270,662.01	2,400,562.01	2.19	51,149.90
364.20	FLOW MEASURING DEVICES	58,621.70	58,621.70	5.72	3,353.16
370.30	RECEIVING WELLS	7,369.99	7,369.99	2.63	193.83
371.30	PUMPING EQUIPMENT	477,531.20	477,531.20	14.41	68,812.25
380.40	TREATMENT EQUIPMENT	1,029,095.30	1,029,095.30	17.64	181,532.41
389.10	OTHER PLANT & MISC EQUIPMENT-INTANGIBLE	188,135.07	188,135.07	15.19	28,577.72
390.00	OFFICE FURNITURE AND EQUIPMENT	19,759.00	19,759.00	6.06	1,197.40
392.00	STORES EQUIPMENT	6,778.64	6,778.64	4.53	307.07
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	28,394.79	28,394.79	5.37	1,524.80
394.00	LABORATORY EQUIPMENT	52,436.94	52,436.94	12.15	6,371.09
395.00	POWER OPERATED EQUIPMENT	80,079.14	80,079.14	9.05	7,247.16
396.00	COMMUNICATION EQUIPMENT	20,435.09	20,435.09	7.29	1,489.72
397.00	MISCELLANEOUS EQUIPMENT	365,043.49	365,043.49	5.59	20,405.93
TOTAL DEPRECIABLE PLANT		20,850,811.57	23,750,798.57		1,095,168.68
NONDEPRECIABLE PLANT					
352.00	FRANCHISES	150,568.58	150,568.58		
353.40	LAND AND LAND RIGHTS - TDP	71,343.00	71,343.00		
TOTAL NONDEPRECIABLE PLANT		221,911.58	221,911.58		
TOTAL WASTEWATER COMPANY		21,072,723.15	23,972,710.15		

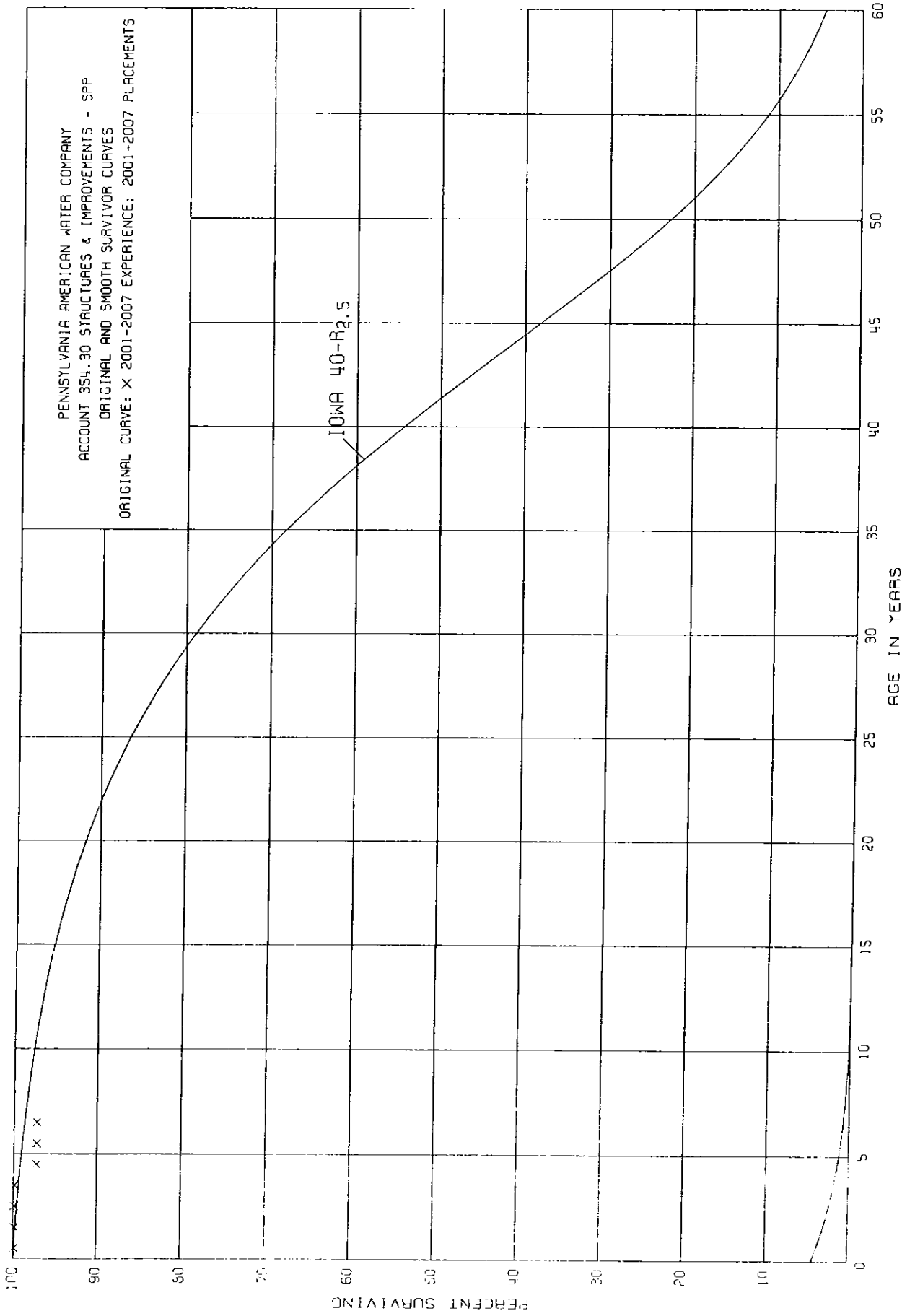
PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

TABLE 4. AMORTIZATION OF EXPERIENCED AND ESTIMATED NET SALVAGE

Account (1)	2004		2005		2006		2007		2008		Net Salvage (12)*	Salvage Accrual (13)=(12)/5
	Gross Salvage (2)	Cost of Removal (3)	Gross Salvage (4)	Cost of Removal (5)	Gross Salvage (6)	Cost of Removal (7)	Gross Salvage (8)	Cost of Removal (9)	Gross Salvage (10)	Cost of Removal (11)		
360.20									1,293.00	6,511.00	(5,218.00)	(1,044)
361.10							1,735.52		6,153.00	30,972.00	(26,554.52)	(5,311)
361.20							3,262.18			3,918.00	(7,180.18)	(1,436)
363.20							24,752.30			2,900.00	(27,652.30)	(5,629)
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	29,750.00	0.00	7,446.00	44,301.00	(66,605.00)	(13,320)

* Column (12) equals the summation of Columns (2) through (11).



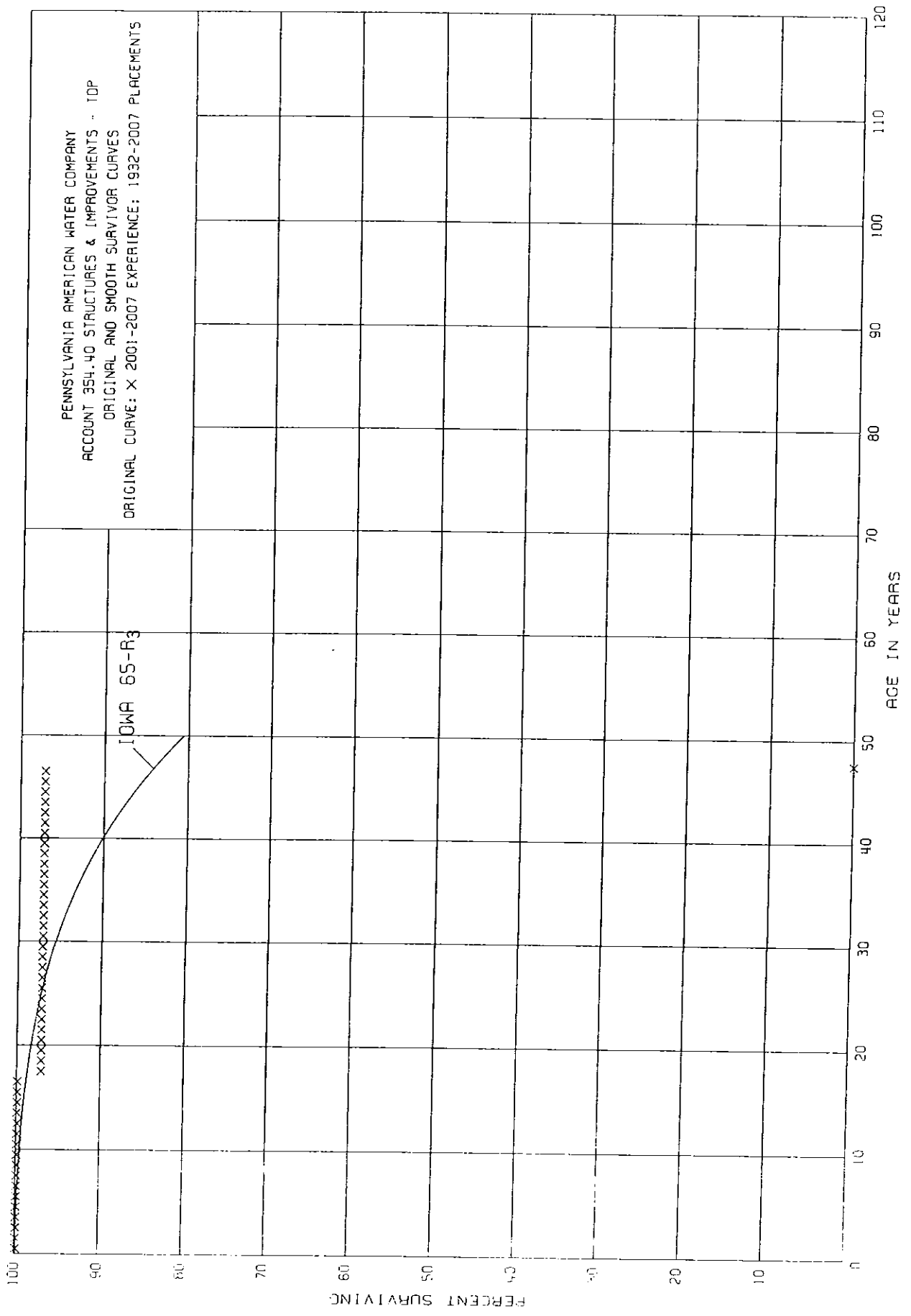


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ACCOUNT 354.30 STRUCTURES & IMPROVEMENTS - SPP

ORIGINAL LIFE TABLE

PLACEMENT BAND 2001-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,919,029		0.0000	1.0000	100.00
0.5	1,164,061		0.0000	1.0000	100.00
1.5	220,911		0.0000	1.0000	100.00
2.5	220,911		0.0000	1.0000	100.00
3.5	184,000	5,000	0.0272	0.9728	100.00
4.5	179,000		0.0000	1.0000	97.28
5.5	179,000		0.0000	1.0000	97.28
6.5					97.28



PENNSYLVANIA AMERICAN WATER COMPANY
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ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

ORIGINAL LIFE TABLE

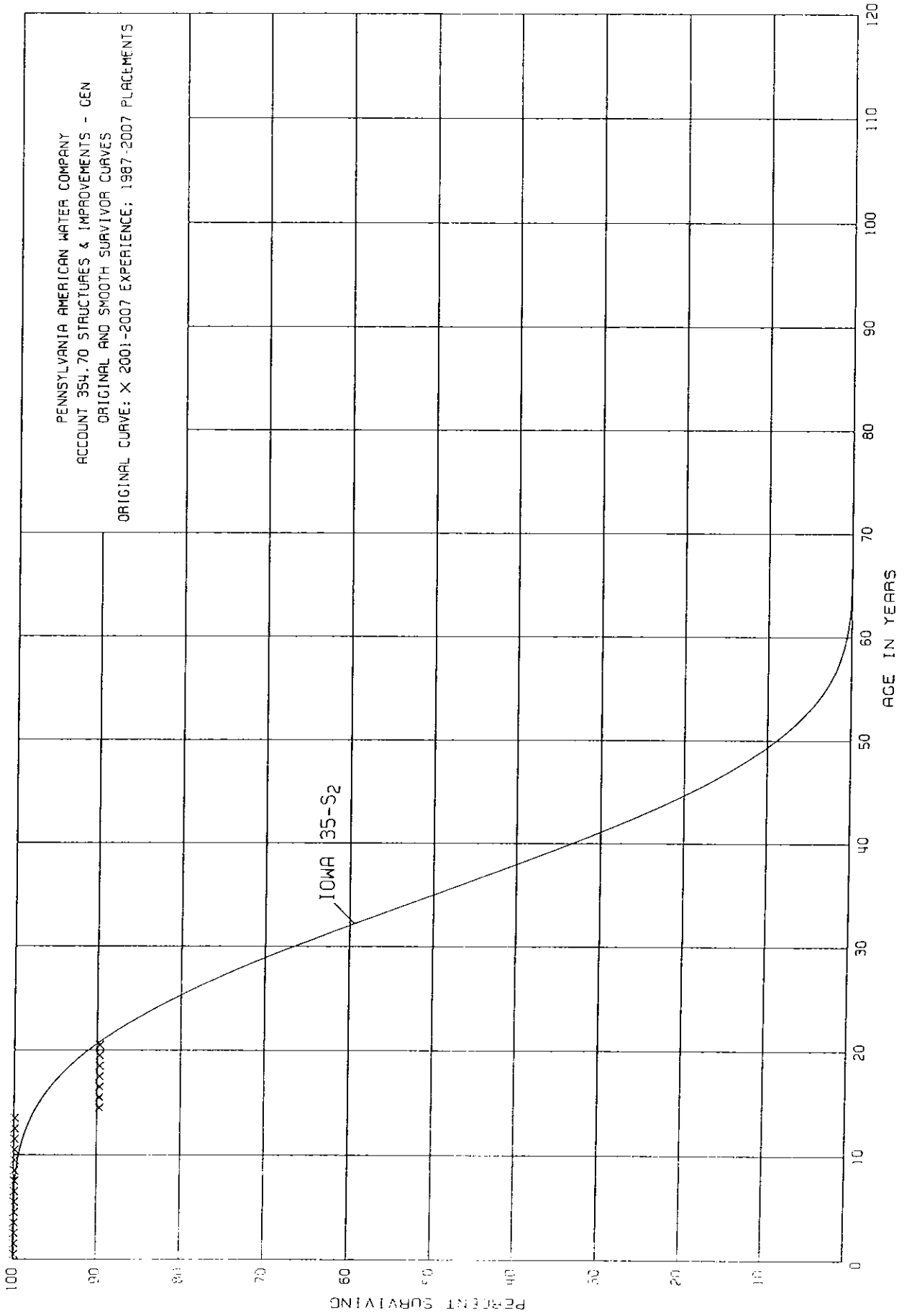
PLACEMENT BAND 1932-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	51,019		0.0000	1.0000	100.00
0.5	50,347		0.0000	1.0000	100.00
1.5	1,834		0.0000	1.0000	100.00
2.5	674,726		0.0000	1.0000	100.00
3.5	790,826		0.0000	1.0000	100.00
4.5	1,071,658		0.0000	1.0000	100.00
5.5	979,198		0.0000	1.0000	100.00
6.5	870,279		0.0000	1.0000	100.00
7.5	869,279		0.0000	1.0000	100.00
8.5	869,279		0.0000	1.0000	100.00
9.5	335,858		0.0000	1.0000	100.00
10.5	346,980		0.0000	1.0000	100.00
11.5	371,593		0.0000	1.0000	100.00
12.5	2,323,921		0.0000	1.0000	100.00
13.5	3,779,744		0.0000	1.0000	100.00
14.5	3,768,404		0.0000	1.0000	100.00
15.5	3,813,503		0.0000	1.0000	100.00
16.5	3,676,032	107,291	0.0292	0.9708	100.00
17.5	3,557,619		0.0000	1.0000	97.08
18.5	3,556,733		0.0000	1.0000	97.08
19.5	1,788,356		0.0000	1.0000	97.08
20.5	134,059		0.0000	1.0000	97.08
21.5	134,059		0.0000	1.0000	97.08
22.5	88,960		0.0000	1.0000	97.08
23.5	88,960		0.0000	1.0000	97.08
24.5	88,960		0.0000	1.0000	97.08
25.5	89,120		0.0000	1.0000	97.08
26.5	160		0.0000	1.0000	97.08
27.5	1,958		0.0000	1.0000	97.08
28.5	1,958		0.0000	1.0000	97.08
29.5	1,958		0.0000	1.0000	97.08
30.5	91,889		0.0000	1.0000	97.08
31.5	91,889		0.0000	1.0000	97.08
32.5	91,729		0.0000	1.0000	97.08
33.5	140,329		0.0000	1.0000	97.08
34.5	138,531		0.0000	1.0000	97.08
35.5	139,964		0.0000	1.0000	97.08
36.5	139,964		0.0000	1.0000	97.08
37.5	50,033		0.0000	1.0000	97.08
38.5	51,076		0.0000	1.0000	97.08

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1932-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	713,529		0.0000	1.0000	97.08
40.5	665,159		0.0000	1.0000	97.08
41.5	665,159		0.0000	1.0000	97.08
42.5	663,726		0.0000	1.0000	97.08
43.5	663,726		0.0000	1.0000	97.08
44.5	663,726		0.0000	1.0000	97.08
45.5	662,683		0.0000	1.0000	97.08
46.5	230	230	1.0000	0.0000	97.08
47.5					0.00
48.5					
49.5					
50.5	31,500		0.0000		
51.5	31,500		0.0000		
52.5	31,500		0.0000		
53.5	31,500		0.0000		
54.5	31,500		0.0000		
55.5	31,500		0.0000		
56.5	31,500		0.0000		
57.5					
58.5					
59.5					
60.5					
61.5					
62.5					
63.5					
64.5					
65.5					
66.5					
67.5					
68.5	39,928		0.0000		
69.5	39,928		0.0000		
70.5	39,928		0.0000		
71.5	39,928	602	0.0151		
72.5	39,326		0.0000		
73.5	39,326		0.0000		
74.5	39,326		0.0000		
75.5					

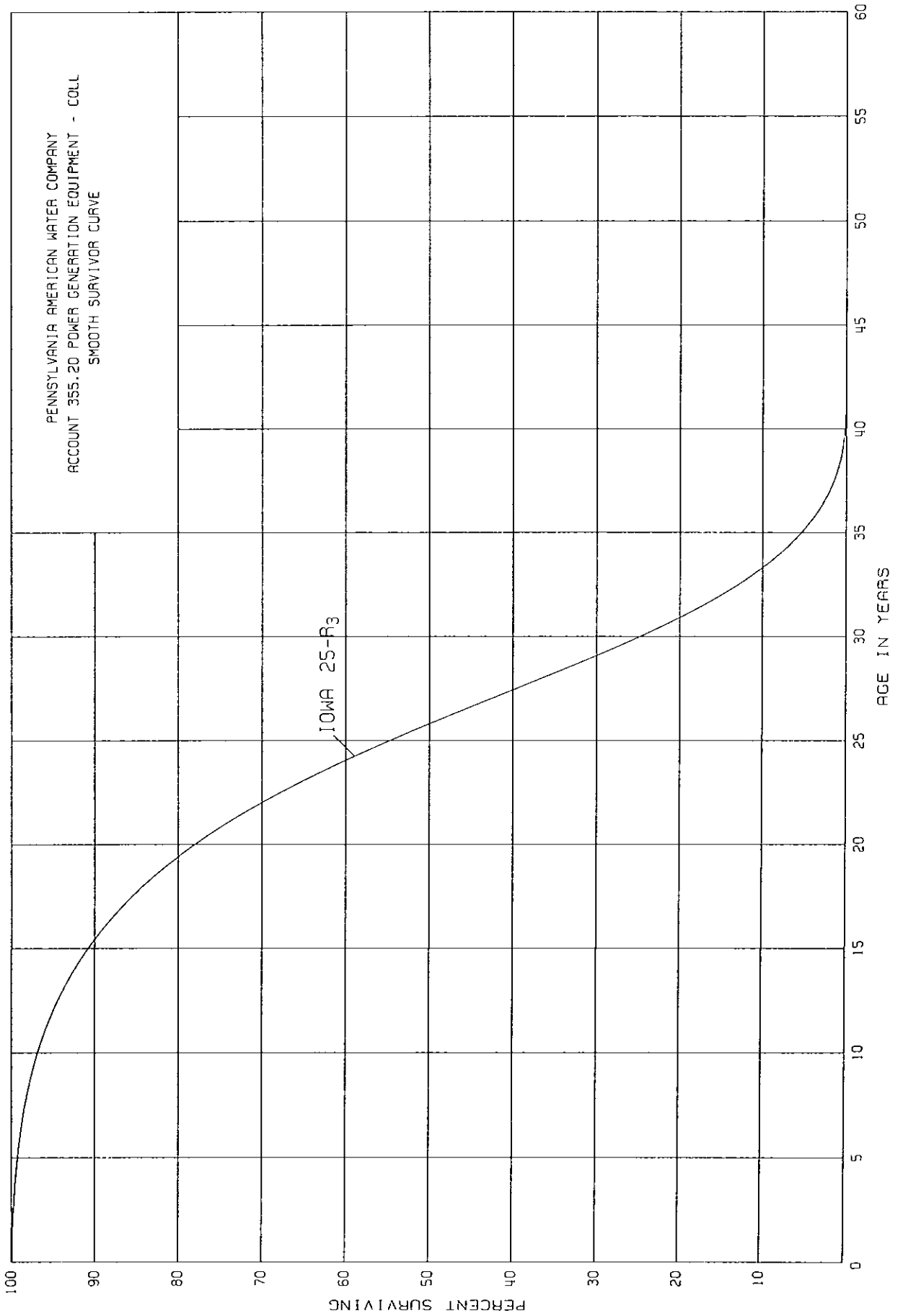


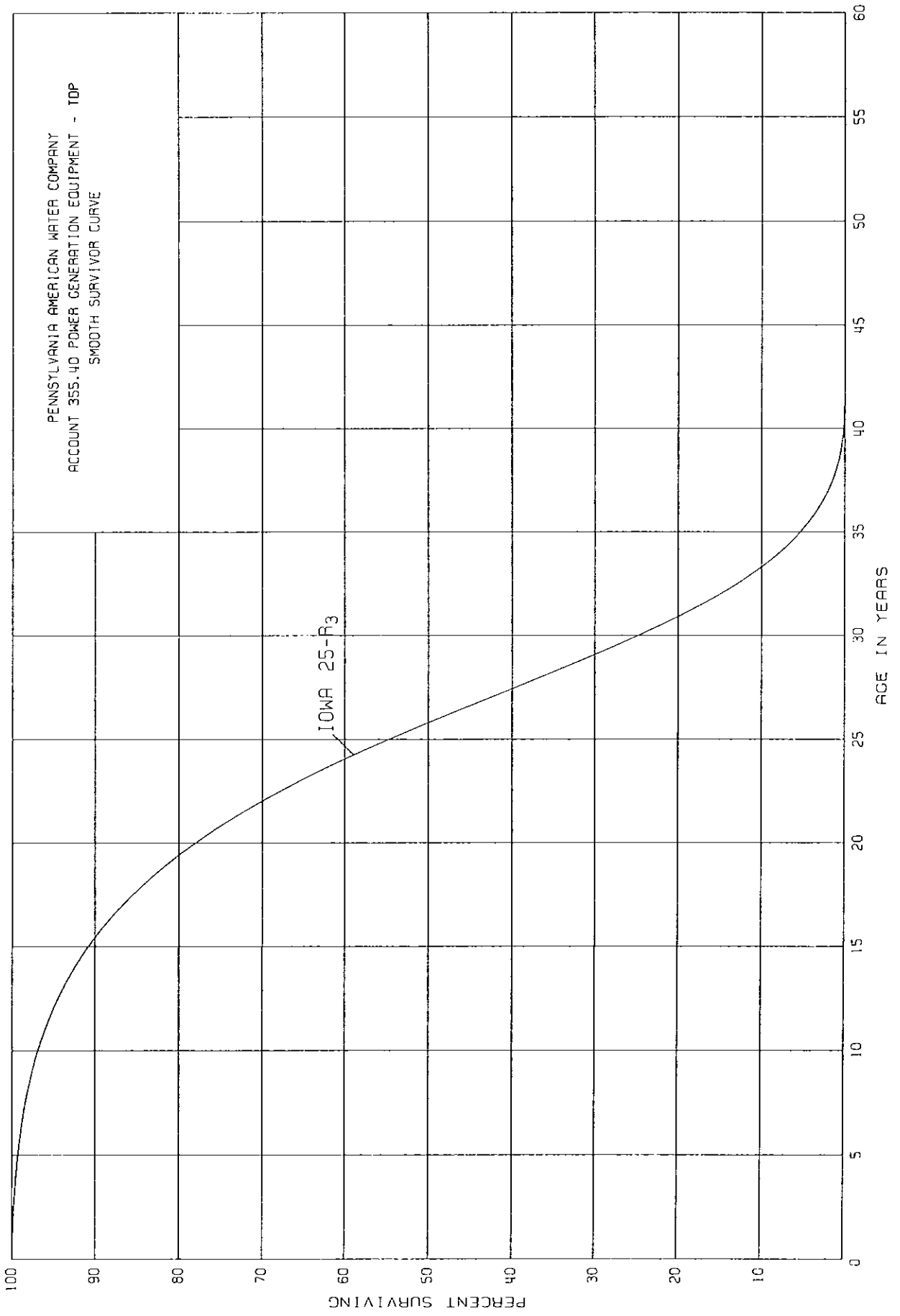
PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

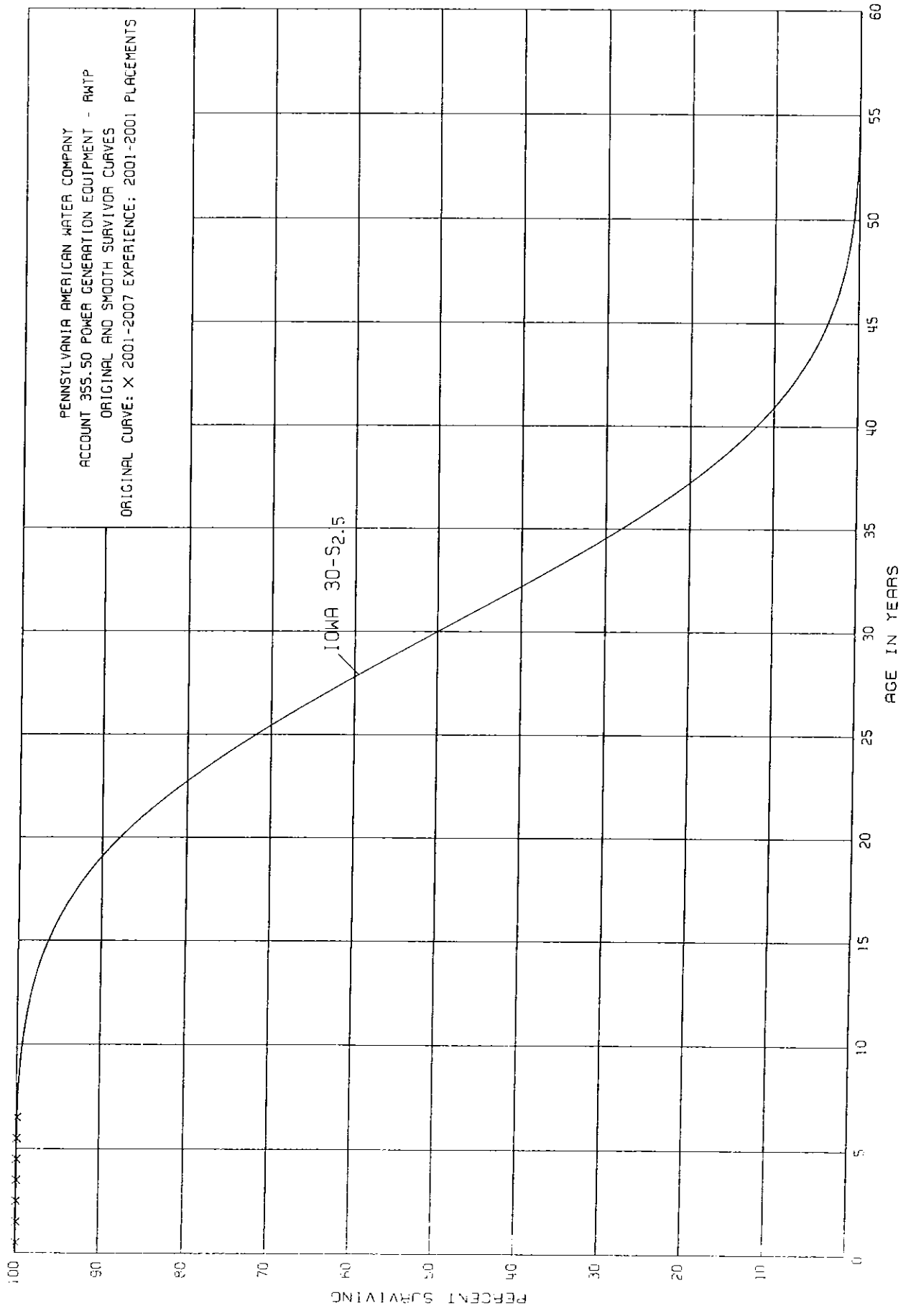
ACCOUNT 354.70 STRUCTURES & IMPROVEMENTS - GEN

ORIGINAL LIFE TABLE

PLACEMENT BAND 1987-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	14,797		0.0000	1.0000	100.00
0.5	1,479		0.0000	1.0000	100.00
1.5	1,479		0.0000	1.0000	100.00
2.5	1,479		0.0000	1.0000	100.00
3.5	1,479		0.0000	1.0000	100.00
4.5	2,639		0.0000	1.0000	100.00
5.5	2,670		0.0000	1.0000	100.00
6.5	2,670		0.0000	1.0000	100.00
7.5	161,515		0.0000	1.0000	100.00
8.5	161,515		0.0000	1.0000	100.00
9.5	161,515		0.0000	1.0000	100.00
10.5	161,515		0.0000	1.0000	100.00
11.5	160,355		0.0000	1.0000	100.00
12.5	158,845		0.0000	1.0000	100.00
13.5	174,959	18,073	0.1033	0.8967	100.00
14.5	16,114		0.0000	1.0000	89.67
15.5	16,114		0.0000	1.0000	89.67
16.5	16,114		0.0000	1.0000	89.67
17.5	16,114		0.0000	1.0000	89.67
18.5	16,114		0.0000	1.0000	89.67
19.5	16,114		0.0000	1.0000	89.67
20.5					89.67





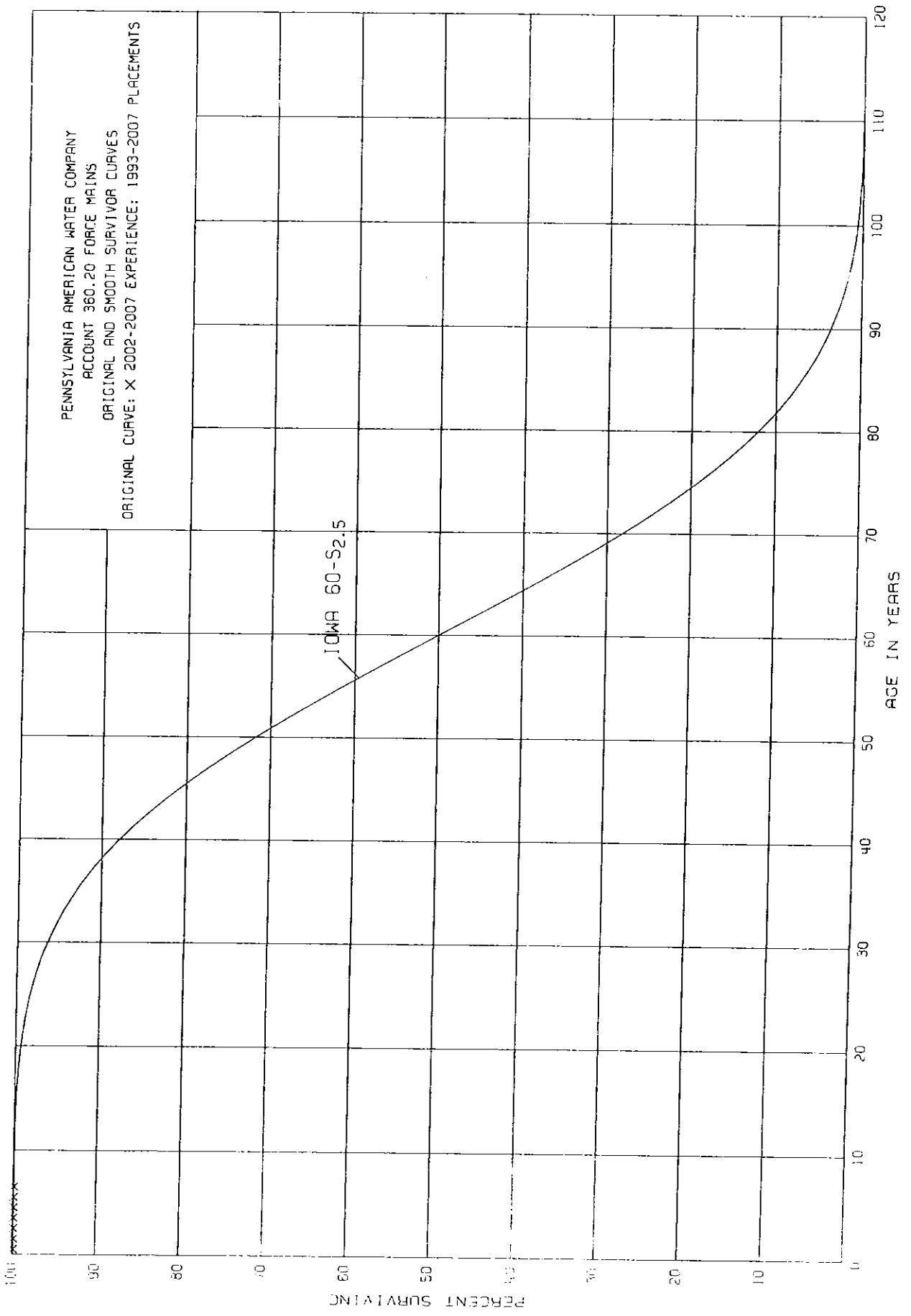


PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.50 POWER GENERATION EQUIPMENT - RWTP

ORIGINAL LIFE TABLE

PLACEMENT BAND 2001-2001			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,161		0.0000	1.0000	100.00
0.5	1,161		0.0000	1.0000	100.00
1.5	1,161		0.0000	1.0000	100.00
2.5	1,161		0.0000	1.0000	100.00
3.5	1,161		0.0000	1.0000	100.00
4.5	1,161		0.0000	1.0000	100.00
5.5	1,161		0.0000	1.0000	100.00
6.5					100.00

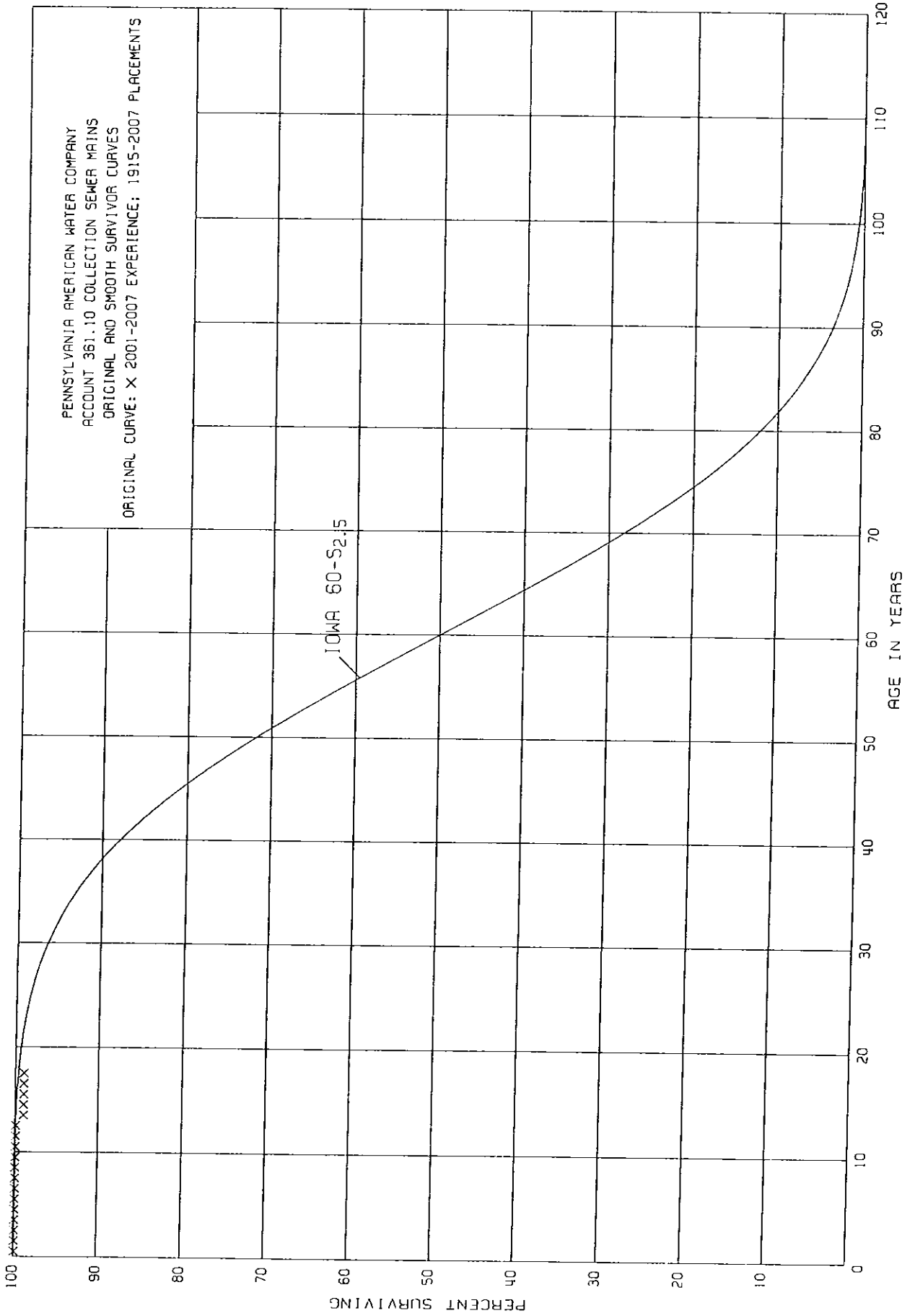


PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 360.20 FORCE MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1993-2007			EXPERIENCE BAND 2002-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,943,889		0.0000	1.0000	100.00
0.5	1,957,492		0.0000	1.0000	100.00
1.5	1,648,503		0.0000	1.0000	100.00
2.5	1,836,269		0.0000	1.0000	100.00
3.5	663,655		0.0000	1.0000	100.00
4.5	1,152,031		0.0000	1.0000	100.00
5.5	874,316		0.0000	1.0000	100.00
6.5					100.00
7.5					
8.5					
9.5					
10.5					
11.5	48,681		0.0000		
12.5	189,096		0.0000		
13.5	140,415		0.0000		
14.5					



PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.10 COLLECTION SEWER MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1915-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	6,617,455		0.0000	1.0000	100.00
0.5	2,817,288		0.0000	1.0000	100.00
1.5	2,840,807		0.0000	1.0000	100.00
2.5	1,458,906		0.0000	1.0000	100.00
3.5	5,450,864		0.0000	1.0000	100.00
4.5	5,377,640		0.0000	1.0000	100.00
5.5	5,347,052		0.0000	1.0000	100.00
6.5	4,767,818		0.0000	1.0000	100.00
7.5	4,833,530		0.0000	1.0000	100.00
8.5	4,999,849		0.0000	1.0000	100.00
9.5	4,523,170		0.0000	1.0000	100.00
10.5	479,884		0.0000	1.0000	100.00
11.5	443,809		0.0000	1.0000	100.00
12.5	443,809	4,460	0.0100	0.9900	100.00
13.5	412,116		0.0000	1.0000	99.00
14.5	215,711		0.0000	1.0000	99.00
15.5	11,278		0.0000	1.0000	99.00
16.5	11,278		0.0000	1.0000	99.00
17.5					99.00
18.5					
19.5					
20.5					
21.5					
22.5					
23.5					
24.5					
25.5	65,104		0.0000		
26.5	65,104		0.0000		
27.5	65,104		0.0000		
28.5	65,104		0.0000		
29.5	65,104		0.0000		
30.5	65,104		0.0000		
31.5	65,104		0.0000		
32.5					
33.5					
34.5					
35.5					
36.5					
37.5					
38.5					

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.10 COLLECTION SEWER MAINS

ORIGINAL LIFE TABLE, CONT.

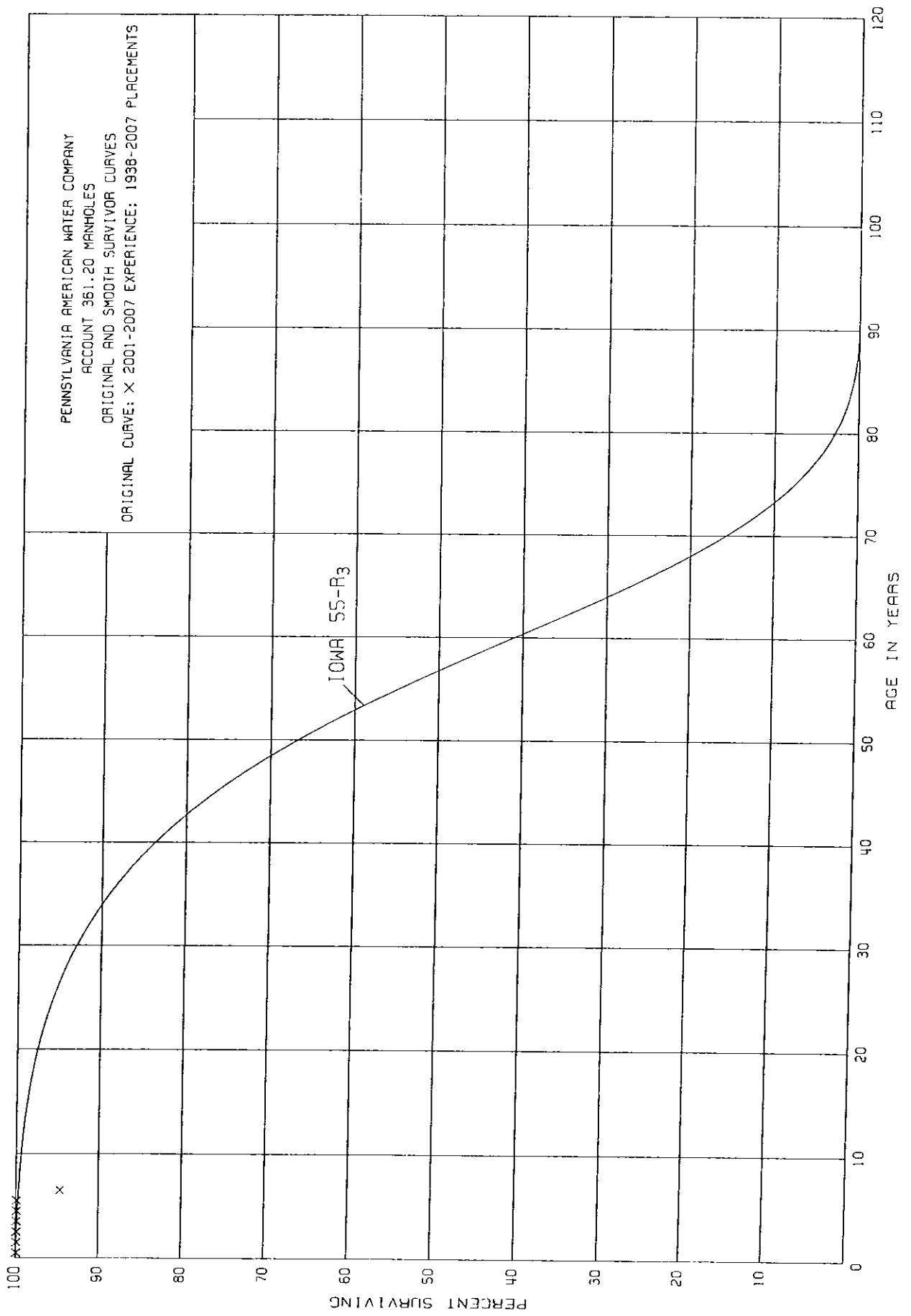
PLACEMENT BAND 1915-2007		EXPERIENCE BAND 2001-2007			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					
40.5					
41.5					
42.5					
43.5					
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5					
53.5					
54.5					
55.5	46,710			0.0000	
56.5	46,710			0.0000	
57.5	46,710			0.0000	
58.5	46,710			0.0000	
59.5	46,710			0.0000	
60.5	46,710			0.0000	
61.5	46,710	8		0.0002	
62.5					
63.5					
64.5					
65.5	48,385			0.0000	
66.5	48,385			0.0000	
67.5	48,385			0.0000	
68.5	48,385			0.0000	
69.5	48,385			0.0000	
70.5	489,097			0.0000	
71.5	489,097	22		0.0000	
72.5	440,713			0.0000	
73.5	440,713			0.0000	
74.5	440,713	3,156		0.0072	
75.5	437,557	32,767		0.0749	
76.5	404,790	1,310		0.0032	
77.5					
78.5					

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.10 COLLECTION SEWER MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1915-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5					
80.5	356,189		0.0000		
81.5	356,189		0.0000		
82.5	356,189		0.0000		
83.5	356,189		0.0000		
84.5	356,189		0.0000		
85.5	477,032		0.0000		
86.5	477,032	13,485	0.0283		
87.5	120,843		0.0000		
88.5	120,843		0.0000		
89.5	120,843		0.0000		
90.5	120,843	7,301	0.0604		
91.5	113,542		0.0000		
92.5					



PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.20 MANHOLES

ORIGINAL LIFE TABLE

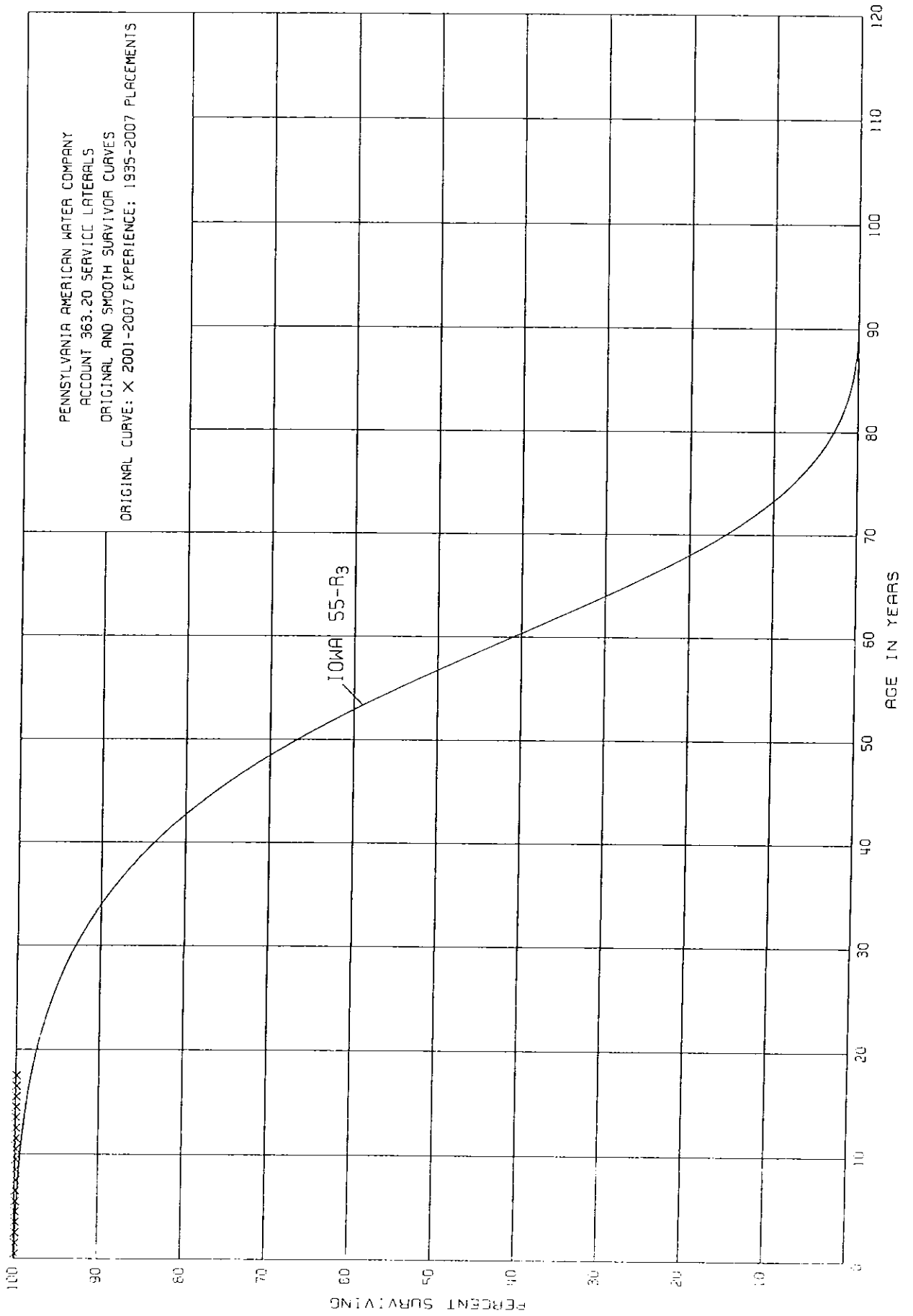
PLACEMENT BAND 1938-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	206,585		0.0000	1.0000	100.00
0.5	16,104		0.0000	1.0000	100.00
1.5	179,865		0.0000	1.0000	100.00
2.5	257,973		0.0000	1.0000	100.00
3.5	220,339		0.0000	1.0000	100.00
4.5	264,906		0.0000	1.0000	100.00
5.5	126,291	6,667	0.0528	0.9472	100.00
6.5					94.72
7.5					
8.5					
9.5					
10.5					
11.5					
12.5					
13.5					
14.5					
15.5					
16.5					
17.5					
18.5					
19.5					
20.5					
21.5					
22.5					
23.5					
24.5					
25.5					
26.5					
27.5					
28.5					
29.5					
30.5					
31.5					
32.5					
33.5					
34.5					
35.5					
36.5					
37.5					
38.5					

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.20 MANHOLES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1938-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					
40.5					
41.5					
42.5					
43.5					
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5					
53.5					
54.5					
55.5					
56.5					
57.5					
58.5					
59.5					
60.5					
61.5					
62.5					
63.5					
64.5					
65.5					
66.5					
67.5	22,989			0.0000	
68.5	22,989	22,989	1.0000		
69.5					



PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 363.20 SERVICE LATERALS

ORIGINAL LIFE TABLE

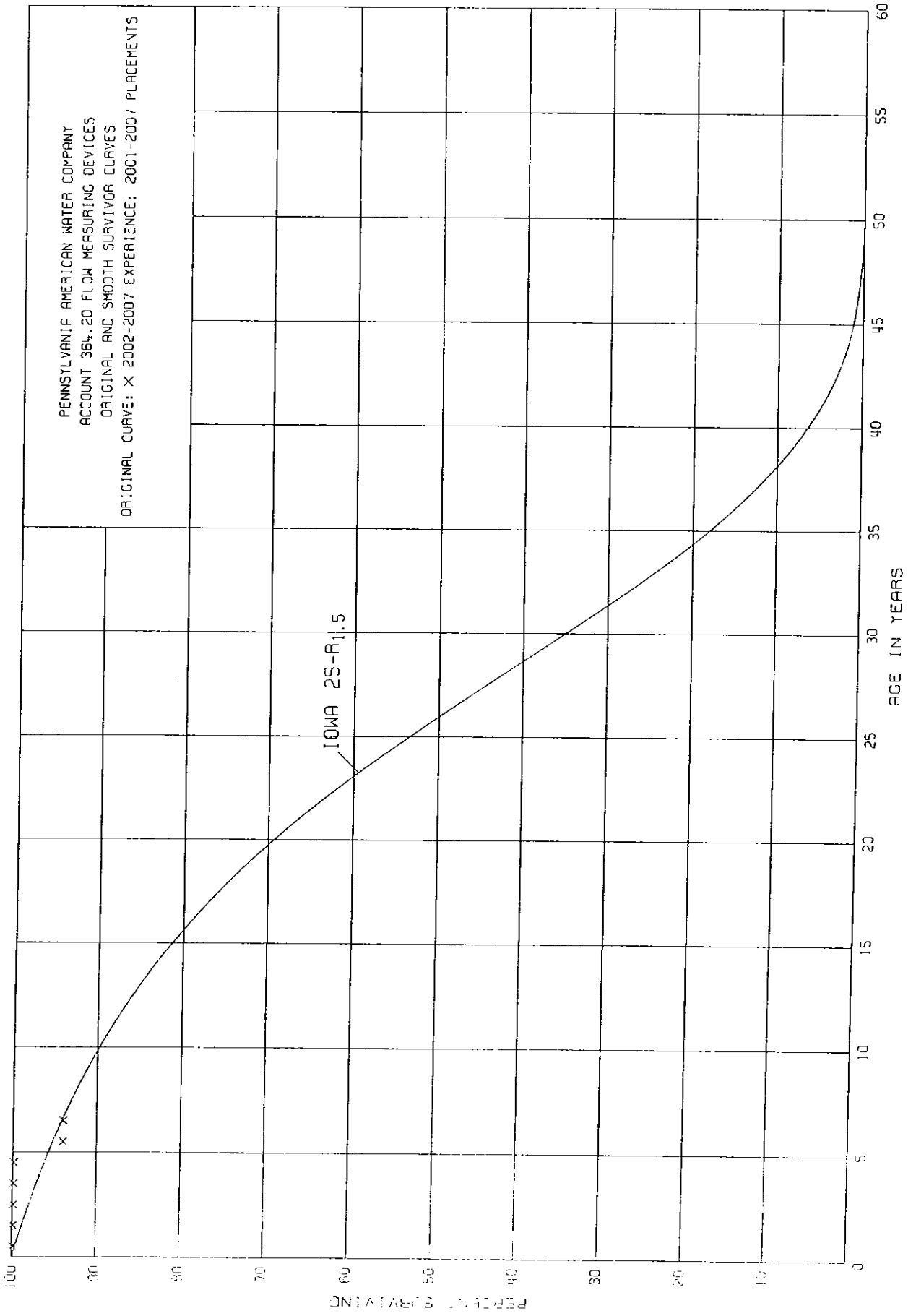
PLACEMENT BAND 1935-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,449,700		0.0000	1.0000	100.00
0.5	1,238,233		0.0000	1.0000	100.00
1.5	837,208		0.0000	1.0000	100.00
2.5	845,950		0.0000	1.0000	100.00
3.5	981,090		0.0000	1.0000	100.00
4.5	915,263		0.0000	1.0000	100.00
5.5	803,078		0.0000	1.0000	100.00
6.5	702,385		0.0000	1.0000	100.00
7.5	560,592		0.0000	1.0000	100.00
8.5	490,237		0.0000	1.0000	100.00
9.5	407,171		0.0000	1.0000	100.00
10.5	59,739		0.0000	1.0000	100.00
11.5	68,268		0.0000	1.0000	100.00
12.5	82,005		0.0000	1.0000	100.00
13.5	65,988		0.0000	1.0000	100.00
14.5	29,078		0.0000	1.0000	100.00
15.5	2,083		0.0000	1.0000	100.00
16.5	2,083		0.0000	1.0000	100.00
17.5					100.00
18.5					
19.5					
20.5	556,024		0.0000		
21.5	556,024		0.0000		
22.5	556,024		0.0000		
23.5	556,024		0.0000		
24.5	556,024		0.0000		
25.5	564,173		0.0000		
26.5	564,173		0.0000		
27.5	8,149		0.0000		
28.5	8,149		0.0000		
29.5	8,149		0.0000		
30.5	175,170		0.0000		
31.5	175,170	8,149	0.0465		
32.5	167,021		0.0000		
33.5	167,021		0.0000		
34.5	167,021		0.0000		
35.5	277,085		0.0000		
36.5	277,085	167,021	0.6028		
37.5	110,064		0.0000		
38.5	110,064		0.0000		

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 363.20 SERVICE LATERALS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1935-2007		EXPERIENCE BAND 2001-2007			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	110,064			0.0000	
40.5	110,064			0.0000	
41.5	110,064	110,064	1.0000		
42.5					
43.5					
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5					
53.5					
54.5					
55.5	4,595			0.0000	
56.5	4,595			0.0000	
57.5	4,595			0.0000	
58.5	4,595			0.0000	
59.5	4,595			0.0000	
60.5	4,595			0.0000	
61.5	4,595	4,595	1.0000		
62.5					
63.5					
64.5					
65.5	3,236			0.0000	
66.5	3,236			0.0000	
67.5	3,236			0.0000	
68.5	3,236			0.0000	
69.5	3,236	819	0.2531		
70.5	2,417			0.0000	
71.5	2,417	709	0.2933		
72.5					

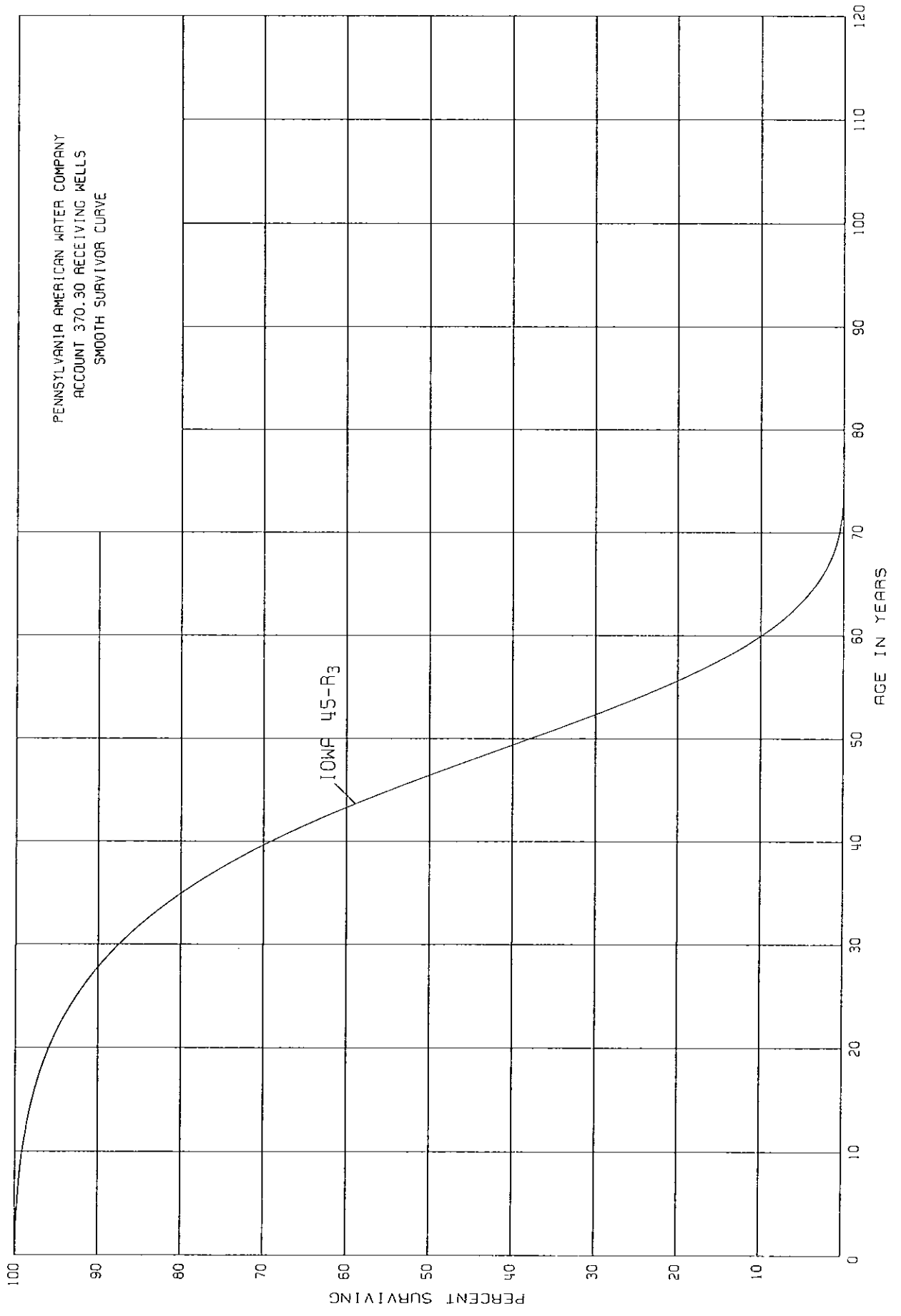


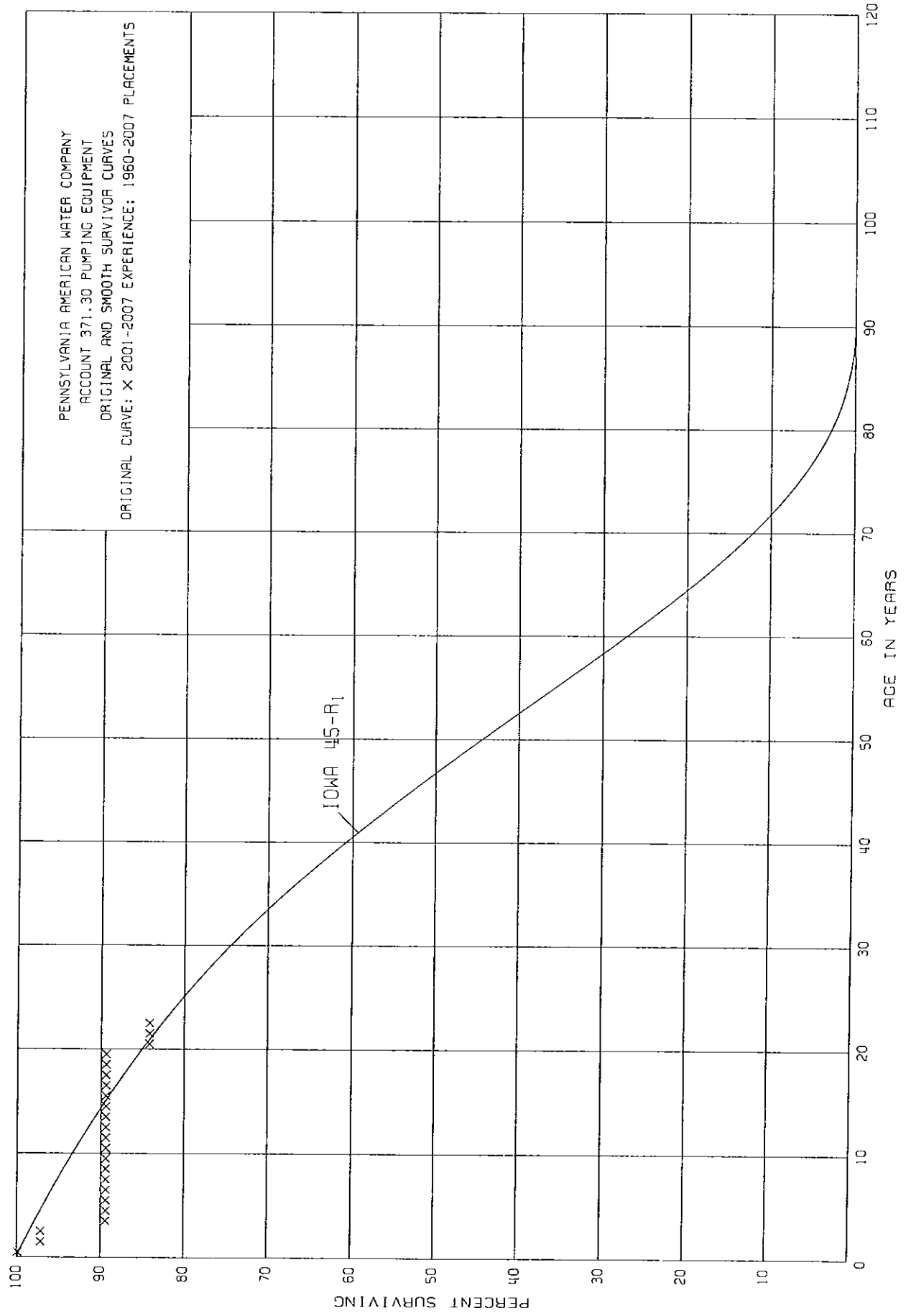
PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 364.20 FLOW MEASURING DEVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 2001-2007			EXPERIENCE BAND 2002-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	58,001		0.0000	1.0000	100.00
0.5	43,790		0.0000	1.0000	100.00
1.5	32,646		0.0000	1.0000	100.00
2.5	32,646		0.0000	1.0000	100.00
3.5	31,148		0.0000	1.0000	100.00
4.5	23,597	1,418	0.0601	0.9399	100.00
5.5	2,038		0.0000	1.0000	93.99
6.5					93.99





PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 371.30 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE

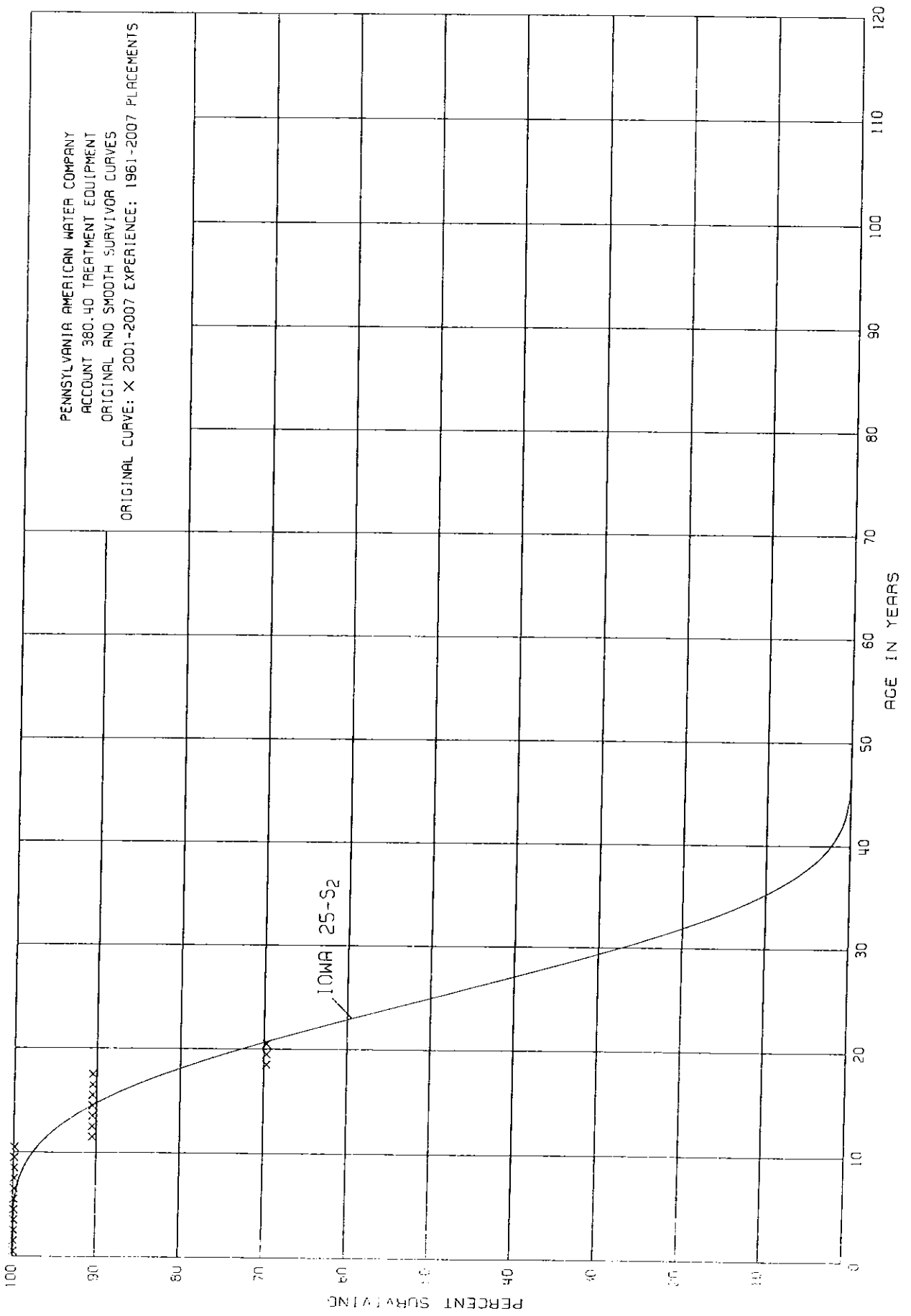
PLACEMENT BAND 1960-2007			EXPERIENCE BAND 2001-2007			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	188,520		0.0000	1.0000	100.00	
0.5	181,615	5,063	0.0279	0.9721	100.00	
1.5	181,470		0.0000	1.0000	97.21	
2.5	106,047	8,570	0.0808	0.9192	97.21	
3.5	94,763		0.0000	1.0000	89.36	
4.5	95,076		0.0000	1.0000	89.36	
5.5	94,006		0.0000	1.0000	89.36	
6.5	108,102		0.0000	1.0000	89.36	
7.5	66,155		0.0000	1.0000	89.36	
8.5	14,709		0.0000	1.0000	89.36	
9.5	14,409		0.0000	1.0000	89.36	
10.5	14,409		0.0000	1.0000	89.36	
11.5	14,096		0.0000	1.0000	89.36	
12.5	14,096		0.0000	1.0000	89.36	
13.5	84,366		0.0000	1.0000	89.36	
14.5	84,366		0.0000	1.0000	89.36	
15.5	109,972		0.0000	1.0000	89.36	
16.5	116,688		0.0000	1.0000	89.36	
17.5	116,688		0.0000	1.0000	89.36	
18.5	116,688		0.0000	1.0000	89.36	
19.5	116,688	6,716	0.0576	0.9424	89.36	
20.5	25,606		0.0000	1.0000	84.21	
21.5	25,606		0.0000	1.0000	84.21	
22.5					84.21	
23.5						
24.5						
25.5						
26.5						
27.5						
28.5						
29.5						
30.5	49,639		0.0000			
31.5	49,639		0.0000			
32.5	49,639		0.0000			
33.5	56,647		0.0000			
34.5	56,647		0.0000			
35.5	111,604		0.0000			
36.5	111,604	7,008	0.0628			
37.5	54,957		0.0000			
38.5	54,957		0.0000			

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 371.30 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1960-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	64,070	2,867	0.0447		
40.5	77,470		0.0000		
41.5	77,470		0.0000		
42.5	25,380	2,538	0.1000		
43.5	22,842		0.0000		
44.5	22,842		0.0000		
45.5	22,842		0.0000		
46.5	16,267		0.0000		
47.5					



PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 380.40 TREATMENT EQUIPMENT

ORIGINAL LIFE TABLE

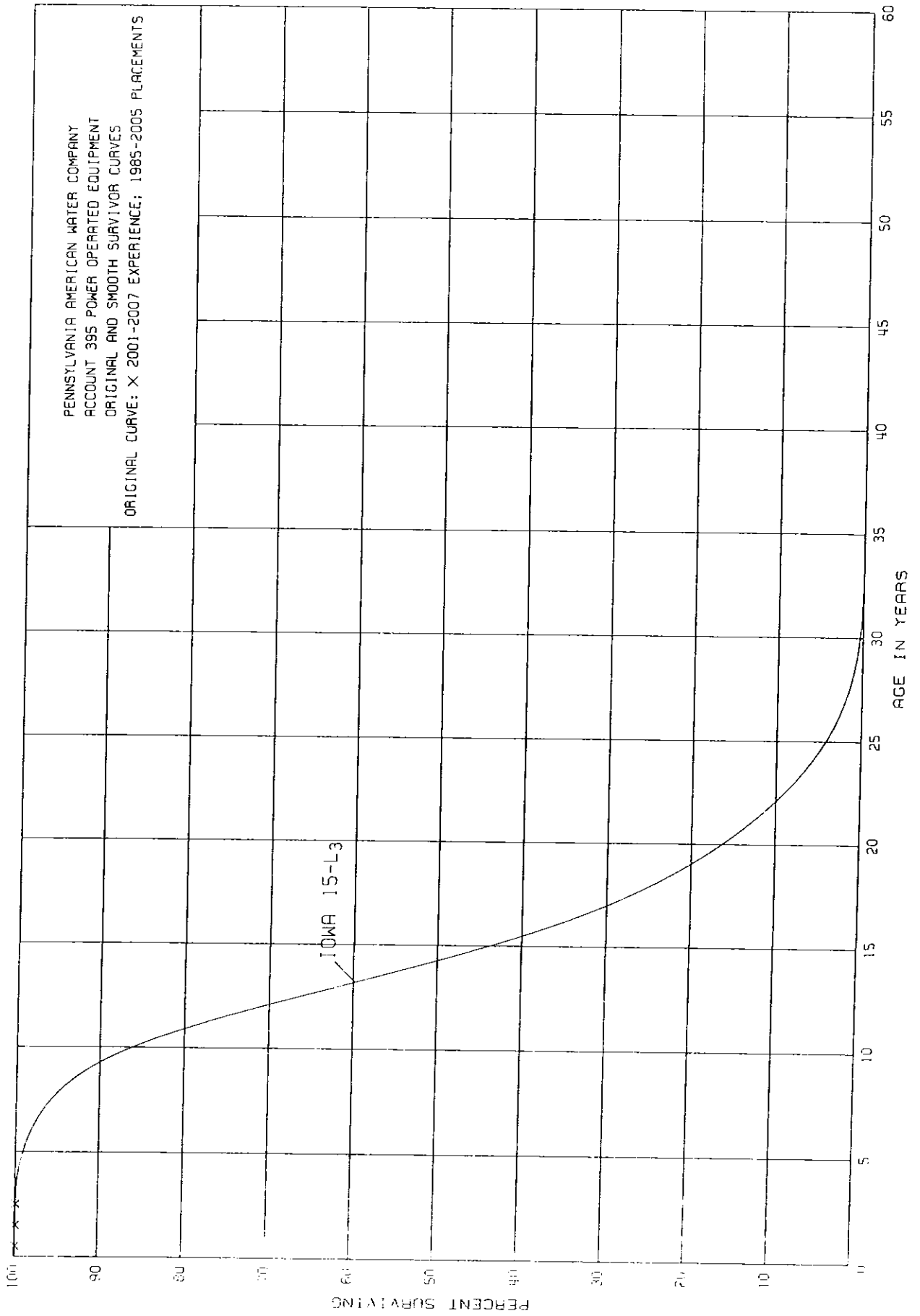
PLACEMENT BAND 1961-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	54,109		0.0000	1.0000	100.00
0.5	62,767		0.0000	1.0000	100.00
1.5	62,767		0.0000	1.0000	100.00
2.5	112,024		0.0000	1.0000	100.00
3.5	154,348		0.0000	1.0000	100.00
4.5	300,910		0.0000	1.0000	100.00
5.5	259,084		0.0000	1.0000	100.00
6.5	106,161		0.0000	1.0000	100.00
7.5	96,456		0.0000	1.0000	100.00
8.5	100,902		0.0000	1.0000	100.00
9.5	32,419		0.0000	1.0000	100.00
10.5	36,663	3,500	0.0955	0.9045	100.00
11.5	27,615		0.0000	1.0000	90.45
12.5	370,367		0.0000	1.0000	90.45
13.5	889,526		0.0000	1.0000	90.45
14.5	888,076		0.0000	1.0000	90.45
15.5	883,630		0.0000	1.0000	90.45
16.5	880,725		0.0000	1.0000	90.45
17.5	876,481	201,300	0.2297	0.7703	90.45
18.5	675,181		0.0000	1.0000	69.67
19.5	520,753		0.0000	1.0000	69.67
20.5					69.67
21.5					
22.5					
23.5					
24.5					
25.5	290		0.0000		
26.5	290		0.0000		
27.5	722		0.0000		
28.5	722		0.0000		
29.5	722		0.0000		
30.5	19,749		0.0000		
31.5	19,749		0.0000		
32.5	19,459		0.0000		
33.5	19,459		0.0000		
34.5	19,027		0.0000		
35.5	19,027		0.0000		
36.5	19,027		0.0000		
37.5					
38.5	143,654		0.0000		

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 380.40 TREATMENT EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1961-2007			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	165,801		0.0000		
40.5	165,801		0.0000		
41.5	165,801		0.0000		
42.5	165,801		0.0000		
43.5	165,801		0.0000		
44.5	165,801		0.0000		
45.5	22,147		0.0000		
46.5					



PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 395 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1985-2005			EXPERIENCE BAND 2001-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	55,927		0.0000	1.0000	100.00
0.5	55,927		0.0000	1.0000	100.00
1.5	55,927		0.0000	1.0000	100.00
2.5					100.00
3.5					
4.5	43,665		0.0000		
5.5	43,665		0.0000		
6.5	43,665		0.0000		
7.5	53,664		0.0000		
8.5	53,664		0.0000		
9.5	66,446	42,790	0.6440		
10.5	23,656		0.0000		
11.5	22,781		0.0000		
12.5	22,781		0.0000		
13.5	22,781		0.0000		
14.5	12,782		0.0000		
15.5	13,278		0.0000		
16.5	496		0.0000		
17.5	496		0.0000		
18.5	496		0.0000		
19.5	496		0.0000		
20.5	496		0.0000		
21.5	496		0.0000		
22.5					

II-45

DETAILED DEPRECIATION CALCULATIONS

II-46

NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.20 STRUCTURES & IMPROVEMENTS - COLL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R3						
NET SALVAGE PERCENT.. 0						
2007	20,658.88	897	1,900	18,759	33.10	567
2008	115,175.00	1,705	3,612	111,563	33.40	3,340
9999	115,175.00-	2,211-	4,684-	110,491-		3,317-
	20,658.88	391	828	19,831		590
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					33.6	2.86

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.30 STRUCTURES & IMPROVEMENTS - SPP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
2001	179,000.00	38,270	31,938	147,062	27.59	5,330
2004	36,911.17	4,902	4,091	32,820	29.40	1,116
2006	943,149.74	71,962	60,056	883,094	30.29	29,155
2007	754,967.68	35,559	29,676	725,292	30.35	23,898
9999	1,867,554.00-	146,976-	122,659-	1,744,895-		58,081-
	46,474.59	3,717	3,102	43,373		1,418
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					30.6	3.05

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT PLANT - TO STAY						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 12-2048						
NET SALVAGE PERCENT.. 0						
1961	411,529.11	285,395	278,606	132,923	20.99	6,333
1987	796,613.00	315,140	307,643	488,970	32.85	14,885
1988	1,035,509.00	394,840	385,447	650,062	33.26	19,545
1990	3,907.00	1,381	1,348	2,559	33.85	76
1991	123,376.00	41,886	40,890	82,486	34.05	2,422
1993	11,340.50	3,499	3,416	7,925	34.75	228
1994	146,068.50	42,783	41,765	104,304	35.00	2,980
1995	11,077.00	3,066	2,993	8,084	35.28	229
1998	670,891.94	152,158	148,538	522,354	35.80	14,591
2001	283,666.22	48,507	47,353	236,313	36.36	6,499
2002	116,100.00	17,508	17,091	99,009	36.60	2,705
2003	1,000.00	130	127	873	36.69	24
2006	48,512.51	3,071	2,998	45,515	37.02	1,229
2007	672.16	26	25	647	36.96	18
2008	54,000.00	724	707	53,293	36.81	1,448
9999	1,798,392.00-	634,293-	619,203-	1,179,189-		35,428-
	1,915,870.94	675,821	659,744	1,256,128		37,784

TREATMENT PLANT - TO BE RETIRED
INTERIM SURVIVOR CURVE.. IOWA 65-R3
PROBABLE RETIREMENT YEAR.. 12-2009
NET SALVAGE PERCENT.. 0

1932	39,928.20	39,405	33,914	6,014	1.02	5,896
1950	31,500.00	30,958	26,644	4,856	1.02	4,761
1961	250,321.37	244,939	210,805	39,516	1.04	37,996
1962	1,043.00	1,023	880	163	0.89	163
1965	1,433.00	1,403	1,207	226	0.94	226
1967	48,600.00	47,400	40,795	7,805	1.05	7,433
1970	89,930.96	87,602	75,394	14,537	1.02	14,252
1973	1,798.00	1,749	1,505	293	1.00	293
1975	160.00	155	133	27	0.98	27
1981	88,960.00	85,873	73,906	15,054	0.99	15,054
1985	45,099.00	43,241	37,215	7,884	1.01	7,806

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.40 STRUCTURES & IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT PLANT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1987	857,684.00	818,745	704,649	153,035	1.02	150,034
1988	821,827.50	783,448	674,271	147,557	1.00	147,557
1989	886.00	843	726	160	0.99	160
1990	7,215.00	6,848	5,894	1,321	0.99	1,321
1991	14,095.00	13,345	11,485	2,610	0.98	2,610
1994	52,405.00	49,014	42,183	10,222	1.00	10,222
1995	12,563.00	11,702	10,071	2,492	0.99	2,492
	2,365,449.03	2,267,693	1,951,677	413,772		408,303
	4,281,319.97	2,943,514	2,611,421	1,669,900		446,087
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					3.7	10.42

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 354.70 STRUCTURES & IMPROVEMENTS - GEN

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BUILDING - TO STAY						
SURVIVOR CURVE.. IOWA 35-S2						
NET SALVAGE PERCENT.. 0						
1993	140,772.00	66,768	49,902	90,870	17.18	5,289
1995	1,510.00	634	474	1,036	18.65	56
2002	1,478.94	311	232	1,247	24.46	51
2007	13,318.35	647	484	12,834	29.36	437
	157,079.29	68,360	51,092	105,987		5,833
BUILDING - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 35-S2						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1987	16,114.00	15,418	13,299	2,815	0.97	2,815
1996	1,160.00	1,075	927	233	0.99	233
	17,274.00	16,493	14,226	3,048		3,048
	174,353.29	84,853	65,318	109,035		8,881
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					12.3	5.09

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.20 POWER GENERATION EQUIPMENT - COLL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. 0						
2007	1,846.41	127	117	1,729	20.33	85
	1,846.41	127	117	1,729		85
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.3	4.60

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.40 POWER GENERATION EQUIPMENT - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. 0						
1987	42,310.00	32,659	25,230	17,080	6.35	2,690
2001	42,375.00	13,730	10,607	31,768	15.65	2,030
2002	22,450.00	6,362	4,915	17,535	16.44	1,067
2007	1,955.48	134	104	1,851	20.33	91
9999	64,825.00-	31,427-	24,279-	40,546-		3,494-
	44,265.48	21,458	16,577	27,688		2,384
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.6	5.39

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 355.50 POWER GENERATION EQUIPMENT - RWTP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-S2.5						
NET SALVAGE PERCENT.. 0						
2001	1,160.76	319	241	920	19.82	46
	1,160.76	319	241	920		46
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.0	3.96

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 360.20 FORCE MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-S2.5						
NET SALVAGE PERCENT.. 0						
1993	104,929.69	29,769	4,354	100,576	39.14	2,570
1994	38,282.29	10,160	1,486	36,796	40.14	917
2001	848,939.21	117,154	17,133	831,806	46.85	17,755
2002	272,885.10	32,637	4,775	268,110	47.85	5,603
2003	382,293.69	38,688	5,661	376,633	48.85	7,710
2004	1,402,991.12	116,168	16,998	1,385,993	49.85	27,803
2006	1,717,489.09	79,004	11,560	1,705,929	51.85	32,901
2007	986,347.60	27,223	3,983	982,365	52.85	18,588
2008	1,101,742.00	10,136	1,483	1,100,259	53.85	20,432
9999	4,377,527.00-	294,170-	43,043-	4,334,484-		85,800-
	2,478,372.79	166,769	24,390	2,453,983		48,479
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					50.6	1.96

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.10 COLLECTION SEWER MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-S2.5						
NET SALVAGE PERCENT.. 0						
1920	159,943.91	150,043	90,757	69,187	5.84	11,847
1930	306,197.79	278,824	168,654	137,544	7.71	17,840
1935	39,265.93	35,210	21,298	17,968	8.47	2,121
1945	40,980.49	34,870	21,092	19,888	11.13	1,787
1975	63,756.53	36,526	22,094	41,663	24.98	1,668
1990	11,246.36	3,787	2,291	8,955	36.45	246
1992	204,048.27	61,276	37,064	166,984	38.45	4,343
1993	196,110.82	55,637	33,653	162,458	39.14	4,151
1994	27,199.99	7,219	4,367	22,833	40.14	569
1996	46,079.49	10,543	6,377	39,702	42.14	942
1997	4,052,439.57	853,039	515,983	3,536,457	43.14	81,976
1998	476,497.85	92,059	55,684	420,814	43.85	9,597
1999	38,104.27	6,661	4,029	34,075	44.85	760
2000	130,670.63	20,437	12,362	118,309	45.85	2,580
2001	600,823.37	82,914	50,153	550,670	46.85	11,754
2002	30,586.00	3,658	2,213	28,373	47.85	593
2003	119,331.62	12,076	7,304	112,028	48.85	2,293
2004	62,604.75	5,184	3,136	59,469	49.85	1,193
2005	1,858,567.97	119,692	72,399	1,786,169	50.85	35,126
2006	14,595.58	671	406	14,190	51.85	274
2007	3,930,860.20	108,492	65,624	3,865,236	52.85	73,136
2008	4,837,970.00	44,509	26,922	4,811,048	53.85	89,342
9999	6,124,091.00-	718,356-	434,516-	5,689,575-		125,544-
	11,123,790.39	1,304,971	789,346	10,334,445		228,594
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					45.2	2.06

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 361.20 MANHOLES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R3						
NET SALVAGE PERCENT.. 0						
2001	102,577.84	15,694	1,359	101,219	41.52	2,438
2002	126,410.48	16,851	1,459	124,951	42.28	2,955
2003	73,834.04	8,365	724	73,110	43.04	1,699
2004	158,337.92	14,757	1,277	157,061	43.81	3,585
2007	189,615.37	6,011	521	189,094	45.89	4,121
2008	269,925.00	2,915	253	269,672	46.01	5,861
9999	76,387.00-	5,362-	465-	75,922-		1,711-
	844,313.65	59,231	5,128	839,185		18,948
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					44.3	2.24

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 363.20 SERVICE LATERALS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R3						
NET SALVAGE PERCENT.. 0						
1935	57.42	54	40	17	4.63	4
1980	548,791.65	289,378	215,994	332,798	25.55	13,025
1990	2,072.59	748	558	1,515	32.78	46
1992	26,892.05	8,697	6,491	20,401	34.52	591
1993	36,784.74	11,234	8,385	28,400	35.26	805
1994	15,969.53	4,585	3,422	12,548	36.01	348
1996	5,091.54	1,273	950	4,142	37.50	110
1997	348,801.80	80,643	60,193	288,609	38.25	7,545
1998	82,919.10	17,504	13,066	69,853	39.25	1,780
1999	97,200.15	18,653	13,924	83,276	40.00	2,082
2000	164,746.18	28,435	21,226	143,520	40.76	3,521
2001	102,959.35	15,753	11,759	91,200	41.52	2,197
2002	112,075.70	14,940	11,152	100,924	42.28	2,387
2003	162,549.95	18,417	13,748	148,802	43.04	3,457
2004	305,651.62	28,487	21,265	284,387	43.81	6,491
2005	177,034.90	12,888	9,621	167,414	44.58	3,755
2006	707,511.81	37,003	27,622	679,890	45.34	14,995
2007	376,277.93	11,928	8,904	367,374	45.89	8,006
2008	314,298.00	3,394	2,534	311,764	46.01	6,776
9999	1,187,124.00-	199,912-	149,230-	1,037,894-		25,761-
	2,400,562.01	404,102	301,624	2,098,940		52,160
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.2	2.17

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 364.20 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R1.5						
NET SALVAGE PERCENT.. 0						
2001	2,038.40	674	565	1,473	15.17	97
2002	20,141.19	5,932	4,972	15,169	15.57	974
2003	7,550.27	1,940	1,626	5,924	15.91	372
2004	1,498.38	326	273	1,225	16.20	76
2006	11,144.09	1,474	1,235	9,909	16.40	604
2007	16,249.37	1,384	1,160	15,089	16.11	937
	58,621.70	11,730	9,831	48,789		3,060
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.9	5.22

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 370.30 RECEIVING WELLS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R3						
NET SALVAGE PERCENT.. 0						
2007	7,369.99	284	263	7,107	37.41	190
	7,369.99	284	263	7,107		190
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					37.4	2.58

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 371.30 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PUMPING EQUIPMENT - TO STAY						
SURVIVOR CURVE.. IOWA 45-R1						
NET SALVAGE PERCENT.. 0						
2002	1,070.55	201	193	878	28.10	31
2004	2,713.26	378	364	2,349	27.76	85
2005	75,723.20	8,617	8,289	67,434	27.27	2,473
2006	46,527.46	4,001	3,849	42,678	26.57	1,606
2007	48,851.99	2,741	2,637	46,215	25.24	1,831
2008	16,000.00	360	346	15,654	21.72	721
9999	56,000.00-	4,782-	4,600-	51,400-		1,977-
	134,886.46	11,516	11,078	123,808		4,770
PUMPING EQUIPMENT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 45-R1						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1960	16,267.00	15,937	13,763	2,504	1.00	2,504
1961	6,575.00	6,434	5,556	1,019	1.04	980
1965	52,090.00	50,986	44,032	8,058	0.94	8,058
1970	49,639.00	48,353	41,758	7,881	1.02	7,726
1985	25,606.00	24,551	21,202	4,404	1.01	4,360
1987	84,366.00	80,721	69,712	14,654	0.97	14,654
1994	14,096.00	13,184	11,386	2,710	1.00	2,710
1996	313.00	290	250	63	0.99	63
1998	300.00	274	237	63	0.99	63
1999	51,445.82	46,579	40,226	11,220	0.99	11,220
2000	41,946.92	37,547	32,426	9,521	1.00	9,521
	342,644.74	324,856	280,548	62,097		61,859
	477,531.20	336,372	291,626	185,905		66,629
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.8	13.95

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 380.40 TREATMENT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
TREATMENT EQUIPMENT - TO STAY						
SURVIVOR CURVE.. IOWA 25-S2						
NET SALVAGE PERCENT.. 0						
1987	198,012.00	149,440	115,666	82,346	6.99	11,781
1993	1,450.50	893	691	760	9.69	78
1994	1,593.50	936	724	870	10.19	85
1995	7,720.00	4,294	3,323	4,397	10.77	408
2001	152,923.03	51,046	39,507	113,416	14.97	7,576
2002	59,752.06	17,400	13,467	46,285	15.82	2,926
2004	14,265.48	2,902	2,246	12,019	17.62	682
2005	22,131.90	3,510	2,717	19,415	18.57	1,046
2007	1,046.35	71	55	991	20.53	48
9999	199,054.00-	99,985-	77,384-	121,670-		10,689-
	259,840.82	130,507	101,012	158,829		13,941
TREATMENT EQUIPMENT - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. IOWA 25-S2						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
1961	22,147.00	22,092	19,987	2,160	0.12	2,160
1962	143,654.00	142,289	128,731	14,923	0.45	14,923
1970	19,027.00	18,607	16,834	2,193	0.87	2,193
1973	432.00	422	382	50	0.86	50
1975	290.00	283	256	34	0.86	34
1987	322,741.00	308,799	279,375	43,366	0.97	43,366
1988	154,427.50	147,525	133,468	20,960	0.96	20,960
1990	4,244.00	4,036	3,651	593	0.96	593
1991	2,905.00	2,750	2,488	417	0.98	417
1992	4,446.00	4,196	3,796	650	0.98	650
1995	6,706.00	6,247	5,652	1,054	0.99	1,054
1996	7,142.00	6,616	5,986	1,156	0.99	1,156
1998	71,387.98	65,213	58,999	12,389	0.99	12,389
2000	9,705.00	8,687	7,859	1,846	1.00	1,846
	769,254.48	737,762	667,464	101,791		101,791
	1,029,095.30	868,269	768,476	260,620		115,732
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.3	11.25

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 389.10 OTHER PLANT & MISC EQUIPMENT-INTANGIBLE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
OTHER PLANT & MISC. EQUIP. - TO STAY						
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2003	8,491.79	2,335	2,007	6,485	14.50	447
2005	2,997.03	524	450	2,547	16.50	154
2007	64,934.50	4,870	4,187	60,748	18.50	3,284
	76,423.32	7,729	6,644	69,780		3,885
OTHER PLANT & MISC. EQUIP. - TO BE RETIRED						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 12-2009						
NET SALVAGE PERCENT.. 0						
2000	111,711.75	99,949	87,017	24,695	1.00	24,695
	188,135.07	107,678	93,661	94,475		28,580
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					3.3	15.19

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 390 OFFICE FURNITURE AND EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1955	319.00	319	319			
1970	144.00	144	144			
1980	599.00	599	599			
1987	2,814.00	2,814	2,814			
1990	238.00	220	143	95	1.50	63
1991	213.00	186	121	92	2.50	37
1994	676.00	490	319	357	5.50	65
1995	430.00	290	189	241	6.50	37
1996	2,474.00	1,546	1,005	1,469	7.50	196
1998	11,059.00	5,806	3,775	7,284	9.50	767
2000	793.00	337	219	574	11.50	50
	19,759.00	12,751	9,647	10,112		1,215
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.3	6.15

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 392 STORES EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	920.00	644	493	427	7.50	57
2003	5,858.64	1,289	988	4,871	19.50	250
	6,778.64	1,933	1,481	5,298		307
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.3	4.53

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 393 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	2,640.54	990	778	1,863	12.50	149
2002	14,591.33	4,742	3,728	10,863	13.50	805
2006	26.99	3	2	25	17.50	1
2007	11,135.93	835	657	10,479	18.50	566
	28,394.79	6,570	5,165	23,230		1,521
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.3	5.36

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

ACCOUNT 394 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1980	2,331.00	2,331	2,331			
1985	12,845.00	12,845	12,845			
1987	7,975.00	7,975	7,975			
1992	2,365.00	2,365	2,365			
1993	2,900.00	2,900	2,900			
1995	1,251.00	1,126	295	956	1.50	637
1996	1,700.00	1,417	372	1,328	2.50	531
1998	370.00	259	68	302	4.50	67
2001	1,969.36	985	259	1,710	7.50	228
2002	2,928.85	1,269	333	2,596	8.50	305
2006	7,401.23	1,234	324	7,077	12.50	566
2007	8,400.50	840	220	8,181	13.50	606
	52,436.94	35,546	30,287	22,150		2,940
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.5	5.61

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 395 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-L3						
NET SALVAGE PERCENT.. 0						
1985	496.00	450	371	125	2.41	52
1991	12,782.00	10,603	8,746	4,036	3.60	1,121
1993	9,999.00	8,028	6,622	3,377	3.81	886
1996	875.00	654	539	336	4.22	80
2005	55,927.14	14,664	12,095	43,832	9.85	4,450
	80,079.14	34,399	28,373	51,706		6,589
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.8	8.23

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 396 COMMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1985	3,304.00	3,304	3,304			
1987	5,077.00	5,077	5,077			
1990	7,075.00	7,075	7,075			
1995	320.00	288	300	20	1.50	13
1997	1,885.00	1,445	1,504	381	3.50	109
2006	2,236.36	373	388	1,848	12.50	148
2007	537.73	54	56	482	13.50	36
2008	6,000.00	200	208	5,792	14.50	399
9999	6,000.00-	4,044-	4,208-	1,792-		160-
	20,435.09	13,772	13,704	6,731		545
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					12.4	2.67

PENNSYLVANIA AMERICAN WATER COMPANY
 COATESVILLE WASTEWATER SYSTEM

ACCOUNT 397 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1970	2,306.00	2,306	2,306			
1975	259.00	259	259			
1980	164.00	164	164			
1987	3,170.00	3,170	3,170			
1991	11,886.00	10,400	7,995	3,891	2.50	1,556
1994	408.00	296	228	180	5.50	33
1995	8,120.00	5,481	4,213	3,907	6.50	601
1996	6,329.00	3,956	3,041	3,288	7.50	438
1997	1,850.00	1,064	818	1,032	8.50	121
1999	3,638.00	1,728	1,328	2,310	10.50	220
2000	1,906.00	810	623	1,283	11.50	112
2001	8,406.99	3,153	2,424	5,983	12.50	479
2002	38,152.53	12,400	9,532	28,621	13.50	2,120
2003	131,967.24	36,291	27,898	104,069	14.50	7,177
2004	58,916.40	13,256	10,190	48,726	15.50	3,144
2005	43,580.31	7,627	5,863	37,717	16.50	2,286
2006	45,840.54	5,730	4,399	41,442	17.50	2,368
2007	27,143.48	2,036	1,563	25,580	18.50	1,383
9999	29,000.00-	8,106-	6,223-	22,777-		1,621-
	365,043.49	102,021	79,791	285,252		20,417
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.0	5.59

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EXPERIENCED AND ESTIMATED NET SALVAGE

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

EXPERIENCED RETIREMENTS BY ACCOUNT AND ASSOCIATED
COST OF REMOVAL, GROSS SALVAGE, AND NET SALVAGE

ACCT	REGULAR RETIREMENTS	COST OF REMOVAL	GROSS SALVAGE	NET SALVAGE
2004 TRANSACTION YEAR				
354.40	602.40			
371.30	16,262.00			
391.00	62,000.00			
397.00	4,231.02			
	83,095.42			
2005 TRANSACTION YEAR				
354.30	5,000.00			
354.40	107,291.00			
361.10	3,155.70			
363.20	818.99			
371.30	2,867.00			
397.00	2,957.00			
	122,089.69			
2006 TRANSACTION YEAR				
361.10	40,067.93			
380.40	204,800.00			
395.00	42,790.00			
	287,657.93			
2007 TRANSACTION YEAR				
354.40	230.00			
354.70	18,073.00			
361.10	19,283.56	1,735.52		1,735.52-
361.20	29,656.21	3,262.18		3,262.18-
363.20	290,538.20	24,752.30		24,752.30-
364.20	1,417.67			
371.30	13,633.27			
390.00	27,626.33			
392.00	34.00			
394.00	2,611.00			
397.00	4,038.81			
	407,142.05	29,750.00		29,750.00-

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER SYSTEM

EXPERIENCED RETIREMENTS BY ACCOUNT AND ASSOCIATED
COST OF REMOVAL, GROSS SALVAGE, AND NET SALVAGE

ACCT	REGULAR RETIREMENTS	COST OF REMOVAL	GROSS SALVAGE	NET SALVAGE
2008 TRANSACTION YEAR				
360.20	86,815.00	6,511.00	1,293.00	5,218.00-
361.10	412,951.00	30,972.00	6,153.00	24,819.00-
361.20	39,813.00	3,918.00		3,918.00-
363.20	11,600.00	2,900.00		2,900.00-
	551,179.00	44,301.00	7,446.00	36,855.00-
TOTAL	1,451,164.09	74,051.00	7,446.00	66,605.00-