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March 24, 2010

James J. McNulty, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RECEIVED

MAR 24 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Application of Pennsylvania-American Water Company (PAWC) and Nittany Water Company (Nittany) for approval of: (1) the transfer by sale of the water works property and rights of Nittany to PAWC; (2) the commencement by PAWC of water service to the public in portions of Walker Township, Centre County and Porter Township, Clinton County, presently served by Nittany, and (3) the abandonment by Nittany of all water service to the public. A-2009-2120357 and A-2009-2120358

Dear Secretary McNulty:

As directed in Paragraph 6 of the Commission's Order entered August 28, 2009, I am filing with you as well as the Bureau of Fixed Utility Services, a copy of the Original Cost Study for the acquisition of Nittany.

If you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,


Seth A Mendelsohn

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Enclosure

VIA UPS Overnight Delivery

cc: Bureau of Fixed Utility Services w/Enc.

PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

***Acquisition of the
Nittany Water Company***

Original Cost of Water Utility Plant and
Depreciation Reserve Calculations
at February 3, 2010

RECEIVED

MAR 24 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

By

Scott D. Fogelsanger
Principal

AUS CONSULTANTS
275 Grandview Avenue, Suite 100
Camp Hill, PA 17011

March 2010



SCOTT D. FOGELSANGER
Principal

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March 9, 2010

Mr. Charles W. Johnston, Manager
Business Development - Southeast Region
PENNSYLVANIA-AMERICAN WATER COMPANY, INC.
800 West Hersheypark Drive
Hershey, PA 17033

RE: Acquisition of Nittany Water Company

Dear Mr. Johnston:

In accordance with your request, we have prepared an inventory of the water utility plant of Nittany Water Company. (the "Company") as of February 3, 2010.

The inventory was prepared to conform to the Uniform System of Accounts for Water Utilities as prescribed by the National Association of Regulatory Utility Commissioners.

The original cost of the property of the Company was determined from a detailed analysis of the books and records of the Company and has been segregated as follows:

	<u>Original Cost</u>	<u>Calculated Reserve</u>
Account 101 - Utility Plant in Service (Net)	\$1,382,886	\$619,078

The results of our study are discussed and supported by the Executive Summary contained in Section 1, the detailed original costs in Section 2, and the depreciation calculations in Section 3.

Respectfully submitted,

AUS Consultants

By: Scott D. Fogelsanger

PENNSYLVANIA-AMERICAN WATER COMPANY, INC.
Acquisition of the
Nittany Water Company

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PENNSYLVANIA-AMERICAN WATER COMPANY, INC.
Acquisition of the
Nittany Water Company

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PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

Acquisition of the Nittany Water Company

Executive Summary

BACKGROUND

Nittany Water Company (the "Company") makes water service available to approximately 515 customers located in portions of Walker Township, Centre County and Porter Township Clinton County, Pennsylvania. The Company began providing water service in 1949. The Company has continued to grow and expand over the years.

Pennsylvania-American Water Company, Inc. ("PAWC") and the Company have filed a joint application requesting the Commission to approve the sale of the water system, grant PAWC the right to furnish service in the Company's service territory, and authorize the Company to abandon service.

PAWC has retained AUS Consultants to prepare a study of the original cost of the fixed capital assets acquired, theoretical depreciation calculations, and replacement cost new less depreciation as of February 3, 2010. The results of that study are set forth herein.

OVERVIEW OF THE COMPANY'S FACILITIES

The Company's assets to be acquired consist of facilities for the production and distribution of water to its customers. The Company produces water from one (1) well. Distribution storage is provided by a 289,000 gallon storage tank.

The Company's distribution system consists of approximately 77,403 linear feet of transite, plastic, and galvanized pipe. Customer service lines, which run from the

Company's mains to the curb line, consist of 5/8", 3/4", 1", and 1 1/2" diameter pipe, curb stops, and curb boxes. All the customers are metered. The water system does provide fire protection service.

OVERVIEW OF THE STUDY TECHNIQUES

The study of the original cost of the Company's assets was conducted in two (2) phases. First, a comprehensive utility plant inventory was conducted to ascertain and confirm the kind and quantity of property owned and operated by the Company.

Second, the original cost of the inventoried property was determined based on a review of the Company's books of account, construction records, and other sources. For the most part, the Company's records provided reasonable data as to the original cost of its plant in service. In addition, PAWC requested theoretical accrued depreciation calculations be prepared based upon the results of the original cost study to reflect the theoretical capital recovery of the plant in service at February 3, 2010.

A complete discussion of the methodologies employed in the original cost study is set forth in the following sections of this report.

EXPLANATION OF THE STUDY

UTILITY PLANT INVENTORY

A comprehensive inventory of the Company's plant in service as of February 3, 2010 was performed. One of the principal source documents for the inventory was the "as built" maps of the Company's system. The maps were particularly helpful in locating and documenting the sizes, types, and lengths of the pipelines and the sizes, types, and

locations of accessories, such as valves and air release valves. Significant components of the inventory are discussed below.

Mass Property

For purposes of this study, "mass" property consists of utility plant recorded in Account 331 (Mains and Accessories), Account 333 (Services), Account 334 (Meters), and Account 325 (Fire Hydrants).

For Account 331, footages of pipe, by size and type, were determined by reviewing the "as-built" maps and were verified by a physical check of the distribution system in place. This same procedure was utilized for valves and air release valves.

Based upon data obtained from Company records, it appears that customer service lines (Account 333) were installed when the distribution lines were installed. As noted previously, all of the customers are metered (Account 334), being served through 5/8", 1", and 1 1/2" meters. The number of hydrants was verified by a physical check.

Non-Mass Property

A physical inventory of the pump house and storage building was completed. Detailed results of the plant inventory are set forth in Section 2 of this report by the fixed capital accounts prescribed by the National Association of Regulatory Utility Commissioners. The original cost of all inventoried property units is properly recorded in the following accounts:

Acct.
No. Account Title

Non-Depreciable Plant:

303.2 Land & Land Rights - Source of Supply
303.4 Land & Land Rights - Transmission & Distribution

Depreciable Plant:

304.2 Structures & Improvements - Source of Supply & Pumping
304.5 Structures & Improvements - General Plant
307 Wells & Springs
311 Pumping Equipment
320 Water Treatment Equipment
330 Distribution Reservoirs & Standpipes
331 Transmission & Distribution Mains
333 Services
334 Meters & Meter Installations
335 Fire Hydrants

ORIGINAL COST ANALYSIS

The goal of the original cost analysis was to ascertain the original cost of the Company's plant in service by fixed capital account and, within each account, to determine the original costs by retirement unit (for non-mass property) or size and type (for mass property) and by vintage year. Reasonably good data exists to establish the original cost of the Company's property by account. The original cost determinations for Account 331 (Mains and Accessories), Account 333 (Services), Account 334 (Meters), and Account 335 (Fire Hydrants) are explained as follows:

Account 331, Account 333, Account 334, and Account 335

An original cost of mains and accessories was determinable from available records for the Company's distribution system and other source documents. The Company summaries verified that the lengths scaled and units counted from the distribution system

maps were accurate. As previously explained, the physical inventory established the total footage of pipe by size and type and the total number of units of accessories. The information contained in the construction summaries was used to develop the footage of pipe, units of accessories, and the resultant unit price for the respective fixed capital asset.

The original cost values at February 3, 2010 for the Company's mains, customer services, meters, and fire hydrants as established by the original cost study total \$851,497; \$89,003; \$183,637; and \$6,821, respectively.

SUMMARY OF ORIGINAL COST

The results of the original cost study established that the original cost of the Company's utility plant in service is not less than \$1,489,815, as summarized by plant account in Section 2 (p. 2-1).

There are several reasons why the utility plant in service in this study differs from the amount reflected in the Pennsylvania Public Utility Commission Annual Reports. First, the original cost of the system installed during 1949 to 1953 amounted to only \$77,880. When indexed costs were applied to the number of asset units for that time period, an amount of \$395,901 was produced. This amount is representative of what the construction costs should be for a system that originally was constructed with 51,380 feet of pipe. Second, all the costs were not booked that were funded by the PennVest loan in 1992. It appears the Company did not book costs of \$104,647. And third, the Company did not reflect the total construction costs of the line extensions that were installed from 1992 to the present.

CONTRIBUTIONS IN AID OF CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any contributions in aid of construction (CIAC) existed. The record research included all Company documents that were available. Based on this record research, the Company did collect CIAC in the amount of \$106,930.

CUSTOMER ADVANCES FOR CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any customer advances for construction (CAC) existed. The record research included all Company documents that were available. Based on this record research, the Company did not collect any CAC.

DEPRECIATION RESERVE

AUS Consultants, as requested, prepared a theoretical calculated depreciation reserve of the utility plant in service at February 3, 2010. The calculated accrued depreciation reserve, less contributions in aid of construction amounts to \$619,078 at February 3, 2010. The calculations were based upon the Straight Line-Average Service Life Methodology utilizing appropriate service lives and mortality curves for the specific fixed capital assets by category and condition of the plant at the study date. The results of those calculations and detailed supporting documentation are included in Section 3 of this report.

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010

Acct. No.	Account Title	Original Cost
303.2	Land & Land Rights - Source of Supply	\$36,897.50
303.4	Land & Land Rights - Transmission & Distribution	406.50
304.2	Structures & Improvements - Source of Supply & Pumping	76,317.79
304.5	Structures & Improvements - General Plant	758.00
307	Wells & Springs	48,535.37
311	Pumping Equipment	5,513.00
320	Water Treatment Equipment	690.51
330	Distribution Reservoirs & Standpipes	189,738.86
331	Transmission & Distribution Mains	851,496.75
333	Services	89,002.69
334	Meters & Meter Installations	183,636.78
335	Fire Hydrants	6,821.42
	Total Original Cost	----- \$1,489,815.17 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 303.2 - Land & Land Rights - Source of Supply

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
<u>Land:</u>				
Land - Volume 221, Page 458	1967		Lot	\$757.50
Land - Volume 232, Page 19	1971	Acres	4.570	31,000.00
Land - UPI 14-412E	2009	Acres	1.518	5,140.00

Total Account 303.2				\$36,897.50
				=====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
 Account 303.4 - Land & Land Rights - Transmission & Distribution

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Land Rights:</u>				
Land Rights - Mains Volume 31, Page 12	1948	Ea.	1	\$1.00
Land Rights - Mains Volume 37, Page 6	1953	Ea.	1	1.00
Land Rights - Mains Volume 39, Page 85	1955	Ea.	1	1.00
Land Rights - Mains Volume 44, Page 159	1958	Ea.	1	1.00
Land Rights - Mains Volume 57, Page 304	1967	Ea.	1	301.00
Land Rights - Mains Volume 57, Page 425	1967	Ea.	1	1.00
Land Rights - Mains Volume 57, Page 427	1967	Ea.	1	1.00
Land Rights - Mains Volume 105, Page 707	1968	Ea.	1	1.00
Land Rights - Mains Volume 866, Page 281	1997	Ea.	1	98.50
Total Account 303.4				\$406.50

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010

Account 304.2 - Structures & Improvements - Source of Supply & Pumping

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
<u>Pump House:</u>				
Concrete block, concrete floor, asphalt shingle roof, control panels, piping and electric service, 13' x 9'	1992	Ea.	1	\$76,317.79
Total Account 304.2				----- \$76,317.79 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 304.5 - Structures & Improvements - General Plant

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
<u>Storage Building:</u> Storage Building	1967	Ea.	1	\$758.00
Total Account 304.5				----- \$758.00 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 307 - Wells & Springs

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
<u>Well:</u> Diameter: 8" Depth: 450' Casing: 302'	1992	Ea.	1	\$48,535.37
Total Account 307				----- \$48,535.37 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 311 - Pumping Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
<u>Pump:</u> Goulds Submerisble Pump and Franklin Motor	1998	Ea.	1	\$5,513.00
Total Account 311				----- \$5,513.00 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 320 - Water Treatment Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
Chemical Solution Tank	1992	Ea.	Lot	\$143.36
Chemical Feed Pump	2005	Ea.	Lot	547.15
Total Account 320				----- \$690.51 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 330 - Distribution Reservoirs & Standpipes

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
<u>Water Tank;</u> 289,000 Gallons with piping to distribution system with access road	1992	Ea.	1	\$183,892.82
Tank Pit	1992	Ea.	1	5,846.04
Total Account 330				----- \$189,738.86 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 331 - Transmission & Distribution Mains

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
<u>Transite Pipe, 4" & Under:</u>				
Transite Pipe, 4"	1950	LF	5,736	\$31,892.16
Total Transite Pipe, 4" & Under			5,736	\$31,892.16
<u>Transite Pipe, 6" - 8":</u>				
Transite Pipe, 6"	1949	LF	12,934	\$93,900.84
Transite Pipe, 6"	1950	LF	23,952	181,316.64
Total Transite Pipe, 6" - 8"			36,886	\$275,217.48
<u>Plastic Pipe, 4" & Under:</u>				
Plastic Pipe, 2"	1971	LF	1,900	\$14,611.00
Plastic Pipe, 2"	1975	LF	6,259	48,131.71
Plastic Pipe, 2"	1991	LF	213	3,275.94
Plastic Pipe, 2"	2006	LF	317	8,093.01
Plastic Pipe, 4"	1971	LF	2,310	24,717.00
Plastic Pipe, 4"	2000	LF	1,300	32,123.00
Plastic Pipe, 4"	2002	LF	3,410	92,274.60
Plastic Pipe, 4"	2004	LF	1,861	52,349.93
Total Plastic Pipe, 4" & Under			17,570	\$275,576.19
<u>Plastic Pipe, 6" - 8":</u>				
Plastic Pipe, 6"	1992	LF	120	\$2,450.18
Plastic Pipe, 6"	1998	LF	350	5,110.53
Plastic Pipe, 6"	1999	LF	100	2,378.00
Plastic Pipe, 6"	2006	LF	2,518	64,284.54
Plastic Pipe, 8"	1991	LF	488	12,458.64
Plastic Pipe, 8"	1992	LF	3,411	78,268.87
Total Plastic Pipe, 6" - 8"			6,987	\$164,950.76
<u>Plastic Pipe, 10" - 14":</u>				
Plastic Pipe, 12"	1992	LF	698	\$20,226.61
Total Plastic Pipe, 10" - 12"			698	\$20,226.61
<u>Galvanized Pipe, 4" & Under:</u>				
Galvanized Pipe, 1"	1950	LF	274	\$1,411.10
Galvanized Pipe, 1 1/4"	1975	LF	400	6,996.00
Galvanized Pipe, 1 1/2"	1949	LF	1,109	5,578.27
Galvanized Pipe, 2"	1949	LF	1,362	6,850.86
Galvanized Pipe, 2"	1950	LF	6,013	30,966.95
Galvanized Pipe, 2"	1966	LF	368	3,304.64
Total Galvanized Pipe, 4" & Under			9,526	\$55,107.82
Total Pipe			77,403	\$822,971.02

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 331 - Transmission & Distribution Mains

Item	Year Installed	Quantity Unit	No.	Original Cost
<u>Valves 4" & Under:</u>				
Valves, 2"	1949	EA	3	\$196.32
Valves, 2"	1950	EA	4	267.96
Valves, 2"	1975	EA	3	682.41
Valves, 2"	2006	EA	1	777.45
Valves, 4"	1950	EA	5	334.95
Valves, 4"	1971	EA	1	146.45
Valves, 4"	2002	EA	2	1,180.98
Valves, 4"	2004	EA	1	673.06
Total Valves, 4" & Under			20	\$4,259.58
<u>Valves 6" - 8":</u>				
Valves, 6"	1949	EA	9	\$673.56
Valves, 6"	1950	EA	14	1,072.68
Valves, 6"	1992	EA	2	1,138.89
Valves, 6"	1998	EA	2	1,265.12
Valves, 6"	1998	EA	1	293.82
Valves, 6"	2006	EA	3	2,667.45
Valves, 8"	1991	EA	1	653.55
Total Valves, 6" - 8"			32	\$7,765.07
<u>Air Release Valves:</u>				
Air Release Valves	1949	EA	1	\$78.25
Air Release Valves	1950	EA	1	80.12
Air Release Valves	1992	EA	3	1,786.26
Air Release Valves	2006	EA	1	929.72
Total Blow Off Valves			6	\$2,874.35
Total Valves			58	\$14,899.00
Pressure Reducing Valve Pit	1992	EA	1	\$9,029.76
System Separation Pit	1992	EA	1	4,596.97
Total Account 331				\$851,496.75

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 333 - Services

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Services, 5/8"	1949	EA	108	\$4,775.76
Services, 5/8"	1950	Ea.	254	11,648.44
Services, 5/8"	1966	Ea.	3	294.81
Services, 5/8"	1971	Ea.	31	4,518.56
Services, 5/8"	1975	Ea.	49	9,871.05
Services, 5/8"	1991	Ea.	6	2,672.88
Services, 5/8"	2000	Ea.	10	5,699.50
Services, 5/8"	2002	Ea.	25	14,740.25
Services, 5/8"	2004	Ea.	14	8,896.58
Services, 5/8"	2006	Ea.	32	23,793.92
Services, 3/4"	1949	Ea.	3	132.66
Services, 3/4"	1950	Ea.	4	183.44
Services, 1"	1949	Ea.	2	91.04
Services, 1"	1950	Ea.	3	141.60
Services, 1"	1999	Ea.	1	563.07
Services, 1 1/2"	1998	Ea.	1	979.13
			-----	-----
Total Account 333			546	\$89,002.69
				=====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February 3, 2010
Account 334 - Meters & Meter Installations

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
Meters, 5/8" x 3/4"	1992	EA	331	\$73,905.68
Meters, 5/8" x 3/4" w/Pit	1992	EA	176	104,022.85
Meters, 5/8" x 3/4" w/Pit	2006	EA	1	747.85
Meters, 1" w/Pit	1992	EA	5	3,382.05
Meters, 1" w/Pit	1999	EA	1	683.31
Meters, 1 1/2" w/Pit	1998	EA	1	895.04
			<u>-----</u>	<u>-----</u>
Total Account 334			515	\$183,636.78
				<u>=====</u>

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Original Cost at February, 2020
Account 335 - Fire Hydrants

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
Fire Hydrants	1949	Ea.	10	\$1,069.70
Fire Hydrants	1950	Ea.	10	1,130.90
Fire Hydrants	1970	Ea.	1	244.51
Fire Hydrants	1971	Ea.	2	550.16
Fire Hydrants	1992	Ea.	2	2,374.36
Fire Hydrants	1997	Ea.	1	1,451.79
			<u>-----</u>	<u>-----</u>
Total Account 335			26	\$6,821.42
				<u>=====</u>

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Contributions in Aid of Construction

Original Cost at February 3, 2010

Acct. No.	Account Title	Original Cost
331	Transmission & Distribution Mains	\$82,156.52
333	Services	24,773.05
	Total Contributions in Aid of Construction	<u>-----</u> \$106,929.57 <u>=====</u>

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Contributions in Aid of Construction

Original Cost at February 3, 2010

Account 331 - Transmission & Distribution Mains

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Plastic Mains, 2"	2006	LF	317	\$8,093.01
Plastic Mains, 6"	1998	LF	350	5,110.53
Plastic Mains, 6"	2006	LF	2,518	64,284.54
Valves, 2"	2006	EA	1	777.45
Valves, 6"	1998	EA	1	293.82
Valves, 6"	2006	EA	3	2,667.45
Air Release Valve	2006	EA	1	929.72
Total Account 331				----- \$82,156.52 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Contributions in Aid of Construction

Original Cost at February 3, 2010

Account 333 - Services

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Services, 5/8"	2006	EA	32	\$23,793.92
Services, 1 1/2"	1998	EA	1	979.13
Total Account 333				----- \$24,773.05 =====

Pennsylvania-American Water Company, Inc.

Valuation of the Nittany Water Company

Summary of Original Cost, Calculated Depreciation Reserve
and Depreciated Original Cost as of February 3, 2010
Based Upon Whole Life Depreciation

Acct. No.	Description	Original Cost at 2/03/10	ASL/lowa Curve	Calculated Depreciation Reserve	Depreciated Original Cost at 2/03/10
<u>Non-Depreciable Plant:</u>					
303.2	Land & Land Rights - Source of Supply & Pumping	\$36,897.50		\$0.00	\$36,897.50
303.4	Land & Land Rights - Transmission & Distribution	406.50		0.00	406.50
	Total Non-Depreciable Plant	\$37,304.00		\$0.00	\$37,304.00
<u>Depreciable Plant:</u>					
304.2	Structures & Improvements - Source of Supply & Pumping	\$76,317.79	50-R3	\$25,594.61	\$50,723.18
304.5	Structures & Improvements - General	758.00	50-R3	545.15	212.85
307	Wells & Springs	48,535.37	50-R2	14,683.96	33,851.41
311	Pumping Equipment	5,513.00	25-R3	2,393.40	3,119.60
320	Water Treatment Equipment	690.51	15-R3	286.69	403.82
330	Distribution Reservoirs & Standpipes	189,738.86	50-R3	63,632.50	126,106.36
331	Mains & Accessories:				
331.20	Transite Pipe, 4" & Under	\$31,892.16	50-R3	\$27,816.86	\$4,075.30
331.21	Transite Pipe, 6" - 8"	275,217.48	80-R3	179,599.52	95,617.96
331.30	Plastic Pipe, 4" & Under	275,576.19	50-R3	83,100.04	192,476.15
331.31	Plastic Pipe, 6" - 8"	164,950.76	80-R3	23,969.08	140,981.68
331.32	Plastic Pipe, 10" - 12"	20,226.61	90-R3	3,849.27	16,377.34
331.40	Galvanized Pipe, 4" & Under	55,107.82	50-R3	45,866.64	9,241.18
331.50	Valves, 4" & Under	4,259.58	50-R3	1,520.93	2,738.65
331.51	Valves, 6" - 8"	7,765.07	80-R3	1,872.22	5,892.85
331.70	Air Release Valves	2,874.35	65-R3	638.30	2,236.05
331.80	Pressure Reducing Valve Pit	9,029.76	65-R3	2,357.50	6,672.26
331.90	System Separation Pit	4,596.97	65-R3	1,200.18	3,396.79
	Total Account 331	\$851,496.75		\$371,790.54	\$479,706.21
333	Services	\$89,002.69	70-R2	\$22,029.84	\$66,972.85
334	Meters & Meter Installations	183,636.78	20-R2	121,152.16	62,484.62
335	Fire Hydrants	6,821.42	65-R2	2,707.20	4,114.22
	Total Depreciable Plant	\$1,452,511.17		\$624,816.05	\$827,695.12
	Total Plant in Service	\$1,489,815.17		\$624,816.05	\$864,999.12
<u>Deduct: Contributions in Aid of Construction:</u>					
331.30	Plastic Pipe, 4" & Under	\$8,093.01	50-R3	\$581.86	\$7,511.15
331.31	Plastic Pipe, 6" - 8"	69,395.07	80-R3	3,621.00	65,774.07
331.50	Valves, 4" & Under	777.45	50-R3	55.90	721.55
331.51	Valves, 6" - 8"	2,961.27	80-R3	161.87	2,799.40
331.70	Air Release Valves	929.72	65-R3	51.49	878.23
333	Services	24,773.05	70-R2	1,266.34	23,506.71
	Total Contributions in Aid of Construction	\$106,929.57		\$5,738.46	\$101,191.11
	Total Plant in Service (Net)	\$1,382,885.60		\$619,077.59	\$763,808.01

Pennaylvania-American Water Company, Inc.

Nittany Water Company

304.20 Structures & Impr. - Source of Supply & Pumping

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	76,317.79	33.23	50.00	0.33537	25,595
<i>Total</i>	76,317.79				25,594.61

Pennsylvania-American Water Company, Inc.

Nittany Water Company

304.50 Structures & Impr. - General

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1967	758.00	14.04	50.00	0.71920	545
<i>Total</i>	758.00				545.15

Pennaylvania-American Water Company, Inc.

Nittany Water Company

307.00 Wells & Springs

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	48,535.37	34.87	50.00	0.30254	14,684
<i>Total</i>	48,535.37				14,683.96

Pennaylvania-American Water Company, Inc.

Nittany Water Company

311.00 Pumping Equipment

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 25 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1998	5,513.00	14.15	25.00	0.43414	2,393
<i>Total</i>	5,513.00				2,393.40

Pennaylvania-American Water Company, Inc.

Nittany Water Company

320.00 Water Treatment Equipment

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 15 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	143.36	2.02	15.00	0.86563	124
2005	547.15	10.54	15.00	0.29717	163
<i>Total</i>	690.51				286.69

Pennaylvania-American Water Company, Inc.

Nittany Water Company

330.00 Distribution Reservoirs & Standpipies

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	189,738.86	33.23	50.00	0.33537	63,633
<i>Total</i>	189,738.86				63,632.50

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.20 Transite Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1950	31,892.16	6.39	50.00	0.87222	27,817
<i>Total</i>	31,892.16				27,816.86

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.21 Transite Pipe, 6 - 8 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	93,900.84	27.34	80.00	0.65819	61,804
1950	181,316.64	28.03	80.00	0.64966	117,795
<i>Total</i>	275,217.48				179,599.52

Pennsylvania-American Water Company, Inc.

Nittany Water Company

331.30 Plastic Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1971	39,328.00	16.59	50.00	0.66823	26,280
1975	48,131.71	19.37	50.00	0.61255	29,483
1991	3,275.94	32.34	50.00	0.35320	1,157
2000	32,123.00	40.63	50.00	0.18748	6,022
2002	92,274.60	42.53	50.00	0.14930	13,777
2004	52,349.93	44.46	50.00	0.11076	5,798
2006	8,093.01	46.41	50.00	0.07190	582
<i>Total</i>	275,576.19				83,100.04

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.31 Plastic Pipe, 6 - 8 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1991	12,458.64	61.98	80.00	0.22523	2,806
1992	80,719.05	62.92	80.00	0.21349	17,233
1998	5,110.53	68.63	80.00	0.14212	726
1999	2,378.00	69.59	80.00	0.13007	309
2006	64,284.54	76.40	80.00	0.04503	2,895
<i>Total</i>	164,950.76				23,969.08

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.32 Plastic Pipe, 10 Inch - 12 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	20,226.61	72.87	90.00	0.19031	3,849
<i>Total</i>	20,226.61				3,849.27

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.40 Galvanized Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	13,840.23	6.09	50.00	0.87826	12,155
1950	30,966.95	6.39	50.00	0.87222	27,010
1966	3,304.64	13.44	50.00	0.73112	2,416
1975	6,996.00	19.37	50.00	0.61255	4,285
<i>Total</i>	55,107.82				45,866.64

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.50 Valves, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	196.32	6.09	50.00	0.87826	172
1950	602.91	6.39	50.00	0.87222	526
1971	146.45	16.59	50.00	0.66823	98
1975	682.41	19.37	50.00	0.61255	418
2002	1,180.98	42.53	50.00	0.14930	176
2004	673.06	44.46	50.00	0.11076	75
2006	777.45	46.41	50.00	0.07190	56
<i>Total</i>	4,259.58				1,520.93

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.51 Valves, 6 - 8 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	673.56	27.34	80.00	0.65819	443
1950	1,072.68	28.03	80.00	0.64966	697
1991	653.55	61.98	80.00	0.22523	147
1992	1,138.89	62.92	80.00	0.21349	243
1998	1,558.94	68.63	80.00	0.14212	222
2006	2,667.45	76.40	80.00	0.04503	120
<i>Total</i>	<i>7,765.07</i>				<i>1,872.22</i>

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.70 Air Release Valves

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	78.25	15.29	65.00	0.76479	60
1950	80.12	15.83	65.00	0.75651	61
1992	1,786.26	48.03	65.00	0.26108	466
2006	929.72	61.40	65.00	0.05538	51
<i>Total</i>	2,874.35				638.30

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.80 Pressure Reducing Valve Pit

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	9,029.76	48.03	65.00	0.26108	2,357
Total	9,029.76				2,357.50

Pennaylvania-American Water Company, Inc.

Nittany Water Company

331.90 System Separation Pit

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	4,596.97	48.03	65.00	0.26108	1,200
<i>Total</i>	4,596.97				1,200.18

Pennaylvania-American Water Company, Inc.

Nittany Water Company

333.00 Services

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 70 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	4,999.46	24.17	70.00	0.65467	3,273
1950	11,973.48	24.73	70.00	0.64666	7,743
1966	294.81	34.74	70.00	0.50371	148
1971	4,518.56	38.24	70.00	0.45365	2,050
1975	9,871.05	41.16	70.00	0.41197	4,067
1991	2,672.88	53.76	70.00	0.23202	620
1998	979.13	59.68	70.00	0.14748	144
1999	563.07	60.54	70.00	0.13513	76
2000	5,699.50	61.41	70.00	0.12275	700
2002	14,740.25	63.16	70.00	0.09778	1,441
2004	8,896.58	64.92	70.00	0.07258	646
2006	23,793.92	66.70	70.00	0.04715	1,122
Total	89,002.69				22,029.84

Pennaylvania-American Water Company, Inc.

Nittany Water Company

334.00 Meters & Meter Installations

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 20 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	181,310.58	6.73	20.00	0.66353	120,305
1998	895.04	10.49	20.00	0.47552	426
1999	683.31	11.20	20.00	0.43981	301
2006	747.85	16.77	20.00	0.16176	121
<i>Total</i>	183,636.78				121,152.16

Pennaylvania-American Water Company, Inc.

Nittany Water Company

335.00 Hydrants

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1949	1,069.70	20.13	65.00	0.69031	738
1950	1,130.90	20.65	65.00	0.68232	772
1970	244.51	32.86	65.00	0.49440	121
1971	550.16	33.56	65.00	0.48371	266
1992	2,374.36	49.64	65.00	0.23626	561
1997	1,451.79	53.84	65.00	0.17163	249
<i>Total</i>	<i>6,821.42</i>				<i>2,707.20</i>

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

331.30 Plastic Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2006	8,093.01	46.41	50.00	0.07190	582
Total	8,093.01				581.86

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

331.31 Plastic Pipe, 6 - 8 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1998	5,110.53	68.63	80.00	0.14212	726
2006	64,284.54	76.40	80.00	0.04503	2,895
<i>Total</i>	<i>69,395.07</i>				<i>3,621.00</i>

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

331.50 Valves, 4 Inch & Under

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2006	777.45	46.41	50.00	0.07190	56
<i>Total</i>	777.45				55.90

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

331.51 Valves, 6 - 8 Inch

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1998	293.82	68.63	80.00	0.14212	42
2006	2,667.45	76.40	80.00	0.04503	120
Total	2,961.27				161.87

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

331.70 Air Release Valves

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2006	929.72	61.40	65.00	0.05538	51
Total	929.72				51.49

Pennaylvania-American Water Company, Inc.

Nittany Water Company - CIAC

333.00 Services

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of February 03, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 70 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1998	979.13	59.68	70.00	0.14748	144
2006	23,793.92	66.70	70.00	0.04715	1,122
<i>Total</i>	24,773.05				1,266.34

