

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF CLARION WASTEWATER OPERATIONS

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT AT DECEMBER 31, 2009

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, INC.

Harrisburg, Pennsylvania

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RESULTS OF STUDY

PENNSYLVANIA-AMERICAN WATER COMPANY
DEPRECIATION STUDY OF CLARION WASTEWATER OPERATIONS
RESULTS OF STUDY

SUMMARY OF RESULTS

The results of the depreciation study of the Clarion Wastewater Operations as of December 31, 2009, 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 Clarion Wastewater Operations - Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2010."

DETAILED TABULATIONS OF DEPRECIATION CALCULATIONS

The supporting data for the depreciation calculations are presented in account sequence in the section beginning on page 6. 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
CLARION WASTEWATER OPERATIONS

TABLE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT		BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
		DECEMBER 31, 2009 (3)	DECEMBER 31, 2009 (3)					
DEPRECIABLE PLANT								
354.30	STRUCTURES AND IMPROVEMENTS - SPP	30-S1.5	864,214.26	407,348	456,866	39,596	11.5	4.58
354.40	STRUCTURES AND IMPROVEMENTS - TDP	65-R3	452,193.52	168,784	283,410	38,518	7.4	8.52
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	35-S0	15,770.67	4,044	11,726	563	20.8	3.57
355.00	POWER GENERATION EQUIPMENT	25-R2.5	66,482.84	41,416	25,067	2,629	9.5	3.95
360.10	COLLECTION SEWERS - FORCE MAINS	65-S2.5	130,363.40	34,043	96,320	2,283	42.2	1.75
361.10	COLLECTION SEWERS - GRAVITY MAINS	65-S1.5	4,600,399.03	1,092,158	3,508,241	85,539	41.0	1.86
361.20	MANHOLES	45-R1.5	811,516.29	311,247	500,268	21,959	22.8	2.71
363.00	SERVICES	40-S2.5	260,094.40	124,909	135,187	7,564	17.9	2.91
364.00	FLOW MEASURING DEVICES	30-S0.5	292,901.83	54,053	238,849	12,440	19.2	4.25
365.00	FLOW MEASURING INSTALLATIONS	30-S0.5	14,938.00	0	14,938	732	20.4	4.90
371.00	PUMPING EQUIPMENT	40-S0	527,856.61	337,387	190,470	8,770	21.7	1.66
380.00	TREATMENT EQUIPMENT	40-S1	1,960,668.98	999,128	961,542	54,540	17.6	2.78
381.00	PLANT SEWERS	50-R3	1,958.97	26	1,933	46	42.0	2.35
382.00	OUTFALL SEWER LINES	50-R3	201,123.34	14,862	186,261	4,615	40.4	2.29
391.00	TRANSPORTATION EQUIPMENT	14-S4	19,000.00	25,622	(6,622)	0	-	-
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	72,333.88	62,676	9,659	1,336	7.2	1.85
394.00	LABORATORY EQUIPMENT	15-SQ	14,962.70	14,767	196	44	4.5	0.29
	TOTAL DEPRECIABLE PLANT		10,306,778.72	3,692,470	6,614,311	281,174	23.5	2.73
NONDEPRECIABLE PLANT								
353.20	LAND AND LAND RIGHTS - COLLECTION		606,814.78					
353.30	LAND AND LAND RIGHTS - SPP		5.00					
353.40	LAND AND LAND RIGHTS - TDP		1,002.00					
	TOTAL NONDEPRECIABLE PLANT		607,821.78					
	TOTAL WASTEWATER COMPANY		10,914,600.50					

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

DETAILED DEPRECIATION CALCULATIONS

NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - SPP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S1.5						
NET SALVAGE PERCENT.. 0						
1967	13,500.00	12,278	9,316	4,184	4.23	989
1980	5,440.00	4,285	3,251	2,189	7.95	275
1986	477,288.22	334,245	253,596	223,692	10.06	22,236
1992	254,301.25	147,749	112,100	142,201	12.62	11,268
1994	51,294.00	27,273	20,692	30,602	13.65	2,242
2005	62,390.79	11,062	8,393	53,998	20.88	2,586
	864,214.26	536,892	407,348	456,866		39,596
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.5	4.58

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2017						
NET SALVAGE PERCENT.. 0						
1967	76,029.73	64,952	32,471	43,559	7.25	6,008
1973	38,481.00	32,024	16,009	22,472	7.36	3,053
1977	8,681.00	7,082	3,540	5,141	7.34	700
1980	2,457.00	1,964	982	1,475	7.40	199
1986	282,384.56	215,008	107,486	174,899	7.36	23,763
2005	44,160.23	16,595	8,296	35,864	7.48	4,795
	452,193.52	337,625	168,784	283,410		38,518
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.4	8.52

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 354.70 STRUCTURES AND IMPROVEMENTS - GENERAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 35-S0						
NET SALVAGE PERCENT.. 0						
1939	3,802.00	3,802	3,802			
1972	450.26	344	137	313	11.52	27
2009	11,518.41	265	105	11,413	21.29	536
	15,770.67	4,411	4,044	11,726		563
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.8	3.57

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 355.00 POWER GENERATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-R2.5						
NET SALVAGE PERCENT.. 0						
1992	46,157.84	30,293	29,530	16,628	9.17	1,813
1994	20,325.00	12,193	11,886	8,439	10.34	816
	66,482.84	42,486	41,416	25,067		2,629
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.5	3.95

PENNSYLVANIA AMERICAN WATER COMPANY
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ACCOUNT 360.10 COLLECTION SEWERS - FORCE MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 65-S2.5						
NET SALVAGE PERCENT.. 0						
1986	60,859.88	23,741	21,348	39,512	36.74	1,075
1994	47,442.40	12,430	11,177	36,265	43.67	830
2005	22,061.12	1,688	1,518	20,543	54.32	378
	130,363.40	37,859	34,043	96,320		2,283
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					42.2	1.75

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 65-S1.5						
NET SALVAGE PERCENT.. 0						
1939	195,951.17	161,640	138,913	57,038	14.97	3,810
1955	38,593.37	28,185	24,222	14,371	20.13	714
1965	267,747.44	172,777	148,484	119,263	24.46	4,876
1968	34,932.13	21,602	18,565	16,367	25.61	639
1969	92,525.20	56,209	48,306	44,219	26.17	1,690
1974	69,469.10	38,472	33,063	36,406	28.60	1,273
1977	90,110.58	46,858	40,269	49,842	30.00	1,661
1985	509,682.25	211,059	181,383	328,299	34.67	9,469
1986	628,794.11	251,203	215,882	412,912	35.32	11,691
1990	176,734.51	59,966	51,534	125,201	37.97	3,297
1993	265,098.53	76,985	66,161	198,938	40.32	4,934
1994	79,772.10	21,889	18,811	60,961	40.99	1,487
1996	64,039.05	15,478	13,302	50,737	42.36	1,198
1997	72,044.90	16,210	13,931	58,114	43.06	1,350
2000	128,101.13	22,149	19,035	109,066	45.45	2,400
2001	164,173.99	25,398	21,827	142,347	46.45	3,065
2003	24,777.52	2,949	2,534	22,244	48.14	462
2004	81,421.48	8,240	7,081	74,340	48.85	1,522
2005	587,505.90	48,645	41,805	545,701	49.85	10,947
2009	1,121,235.50	10,427	8,961	1,112,275	53.55	20,771
9999	92,310.93-	25,496-	21,911-	70,400-		1,717-
	4,600,399.03	1,270,845	1,092,158	3,508,241		85,539
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.0	1.86

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 361.20 MANHOLES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-R1.5						
NET SALVAGE PERCENT.. 0						
1939	43,633.20	40,605	34,896	8,737	5.26	1,661
1955	6,600.80	5,612	4,823	1,778	9.60	185
1965	50,344.20	38,760	33,310	17,034	13.30	1,281
1968	35,388.05	26,290	22,593	12,795	14.36	891
1969	21,473.32	15,742	13,529	7,944	14.75	539
1974	17,998.20	12,140	10,433	7,565	17.13	442
1977	18,683.36	11,963	10,281	8,402	18.26	460
1985	155,061.48	81,299	69,868	85,193	22.23	3,832
1986	107,241.42	54,436	46,782	60,459	22.80	2,652
1993	32,142.72	12,465	10,712	21,431	26.05	823
1994	26,074.29	9,619	8,267	17,807	26.52	671
1996	19,466.56	6,440	5,534	13,933	27.31	510
1997	22,729.04	7,046	6,055	16,674	27.82	599
1998	25,452.00	7,376	6,339	19,113	28.18	678
2000	40,520.28	10,049	8,636	31,884	28.81	1,107
2001	13,365.85	3,022	2,597	10,769	29.09	370
2003	7,620.55	1,377	1,183	6,438	29.47	218
2004	37,196.22	5,832	5,012	32,184	29.59	1,088
2005	146,808.52	19,364	16,643	130,166	29.63	4,393
9999	16,283.77-	7,267-	6,246-	10,038-		441-
	811,516.29	362,170	311,247	500,268		21,959
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					22.8	2.71

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 363.00 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S2.5						
NET SALVAGE PERCENT.. 0						
1939	10,066.68	9,865	9,215	852	1.44	592
1955	2,101.59	1,936	1,808	294	4.67	63
1965	20,489.55	17,781	16,609	3,881	6.78	572
1968	12,368.97	10,421	9,734	2,635	7.76	340
1969	8,847.60	7,382	6,895	1,953	8.04	243
1974	7,655.05	6,006	5,610	2,045	9.75	210
1977	6,405.30	4,788	4,472	1,933	10.98	176
1985	50,240.82	31,019	28,974	21,267	15.18	1,401
1986	22,616.54	13,500	12,610	10,007	15.87	631
1990	16,250.00	8,335	7,786	8,464	18.52	457
1993	8,803.05	3,893	3,636	5,167	20.81	248
1994	8,294.67	3,459	3,231	5,064	21.67	234
1996	6,574.40	2,406	2,247	4,327	23.40	185
1997	11,476.06	3,902	3,645	7,831	24.26	323
2000	12,856.21	3,346	3,126	9,730	27.00	360
2001	9,490.00	2,219	2,073	7,417	27.86	266
2003	856.93	154	144	713	29.73	24
2004	9,368.00	1,422	1,328	8,040	30.73	262
2005	41,738.28	5,184	4,841	36,897	31.73	1,163
9999	6,405.30-	3,293-	3,075-	3,330-		186-
	260,094.40	133,725	124,909	135,187		7,564
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.9	2.91

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 364.00 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S0.5						
NET SALVAGE PERCENT.. 0						
1992	8,170.34	4,562	5,090	3,080	13.85	222
2005	220,321.54	42,346	47,246	173,076	18.92	9,148
2009	64,409.95	1,539	1,717	62,693	20.42	3,070
	292,901.83	48,447	54,053	238,849		12,440
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.2	4.25

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S0.5						
NET SALVAGE PERCENT.. 0						
2009	14,938.00	357		14,938	20.42	732
	14,938.00	357		14,938		732
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.4	4.90

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 371.00 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S0						
NET SALVAGE PERCENT.. 0						
1967	6,000.00	4,565	6,000			
1986	227,197.99	124,414	178,710	48,488	19.42	2,497
1992	138,328.57	62,455	89,711	48,618	21.26	2,287
1994	53,705.00	22,309	32,045	21,660	21.81	993
1997	20,713.00	7,380	10,601	10,112	22.59	448
2001	15,000.00	3,978	5,714	9,286	23.55	394
2005	64,831.05	10,127	14,546	50,285	24.32	2,068
2009	2,081.00	42	60	2,021	24.31	83
	527,856.61	235,270	337,387	190,470		8,770
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.7	1.66

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 380.00 TREATMENT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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-S1						
NET SALVAGE PERCENT.. 0						
1939	1,894.10	1,830	1,646	248	2.49	100
1967	241,393.78	192,874	173,470	67,924	10.69	6,354
1973	17,241.59	12,776	11,491	5,751	12.76	451
1977	410.70	287	258	153	14.01	11
1985	233,392.00	137,234	123,428	109,964	17.17	6,404
1986	1,508,061.04	864,722	777,728	730,333	17.48	41,781
1990	4,905.00	2,468	2,220	2,685	19.26	139
1991	17,931.00	8,691	7,817	10,114	19.67	514
1999	9,713.00	2,978	2,678	7,035	23.75	296
2006	33,243.64	3,653	3,286	29,958	28.35	1,057
2008	47,683.16	2,270	2,042	45,641	30.04	1,519
2009	56,219.50	894	804	55,416	30.95	1,791
9999	211,419.53-	119,790-	107,740-	103,680-		5,877-
	1,960,668.98	1,110,887	999,128	961,542		54,540
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.6	2.78

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 381.00 PLANT SEWERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 50-R3						
NET SALVAGE PERCENT.. 0						
2009	1,958.97	23	26	1,933	41.87	46
	1,958.97	23	26	1,933		46
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					42.0	2.35

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 382.00 OUTFALL SEWER LINES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 50-R3						
NET SALVAGE PERCENT.. 0						
2006	201,123.34	16,050	14,862	186,261	40.36	4,615
	201,123.34	16,050	14,862	186,261		4,615
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.4	2.29

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 391.00 TRANSPORTATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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 14-S4						
NET SALVAGE PERCENT.. 0						
1997	19,000.00	15,913	25,622	6,622-		
	19,000.00	15,913	25,622	6,622-		
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					0.0	0.00

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 393.00 TOOLS, SHOP & GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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						
1975	4,182.60	4,183	4,183			
1980	767.26	767	767			
1985	1,234.51	1,235	1,235			
1990	22,073.00	21,521	22,073			
1991	1,522.51	1,408	1,523			
1995	27,707.00	20,088	23,627	4,080	5.50	742
1998	1,699.00	977	1,149	550	8.50	65
1999	13,148.00	6,903	8,119	5,029	9.50	529
	72,333.88	57,082	62,676	9,659		1,336
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.2	1.85

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 394.00 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2009

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						
1986	1,045.78	1,046	1,046			
1990	695.33	695	695			
1995	3,457.59	3,342	3,458			
1996	1,529.00	1,376	1,529			
1997	2,676.00	2,230	2,676			
1998	2,621.00	2,010	2,621			
1999	2,938.00	2,057	2,742	196	4.50	44
	14,962.70	12,756	14,767	196		44
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.5	0.29

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF CLARION WASTEWATER OPERATIONS

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



GANNETT FLEMING, INC.
P.O. Box 67100
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April 20, 2010

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

Attention Mr. John R. Cox
Manager of Rates and Regulation

Gentlemen:

Pursuant to your request, we have determined the annual depreciation accruals applicable to utility plant. The results of our study at December 31, 2010, are presented in the attached report. The results of our study at December 31, 2009, are presented in our report, "Depreciation Study of Clarion Wastewater Operations - Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2009." 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, 2010.

Respectfully submitted,

GANNETT FLEMING, INC.

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

052138



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PART I. METHODS USED IN STUDY

PENNSYLVANIA-AMERICAN WATER COMPANY

DEPRECIATION STUDY OF CLARION WASTEWATER OPERATIONS

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 Clarion Wastewater Operations related to utility plant in service at December 31, 2010. 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, 2010. 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 2009.

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.

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-9.

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

BOOK RESERVE

The book reserve as of December 31, 2010, is the result of a bringforward of the book reserves established by the Commission for Clarion Wastewater Operations since acquisition in October 2008.

The book reserve activity subsequent to the 2008 acquisition date consists of accruals, retirements, cost of removal, salvage and other debits and credits recorded to the book reserve through December 31, 2009. The projected book reserve as of December 31, 2010, is a bringforward of the December 31, 2009 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, 2010, 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, 2010, the book reserve is allocated among vintages in proportion to the calculated accrued depreciation as of December 31, 2010.

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, 2010, 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, 393, 394 and 396; 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 wastewater 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
393	Tools, Shop and Garage Equipment	20
394	Laboratory Equipment	15
396	Communication Equipment	15

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 November 1, 2008 through December 31, 2009, and estimated for the period January 1, 2010 through December 31, 2010. 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-69.

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, 2010 the book reserve as of December 31, 2009. Table 3 sets forth the calculation of estimated depreciation accruals for the twelve months ended December 31, 2010. Table 4 presents the amortization of experienced and estimated net salvage, by account, based on the five-year period, 2006-2010.

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 2006-2010 are presented in three sections.

The section beginning on page II-8 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-48. The tabulations of experienced and estimated net salvage, by year and account for the five-year period 2006-2010, are presented in the section beginning on page II-69.

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
CLARION WASTEWATER OPERATIONS

TABLE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET ORIGINAL COST AT DECEMBER 31, 2010 (3)	BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
DEPRECIABLE PLANT							
354.30	STRUCTURES AND IMPROVEMENTS - SPP	1,090,589.26	452,113	638,476	46,428	13.8	4.26
354.40	STRUCTURES AND IMPROVEMENTS - TDP	534,290.64	66,112	466,179	72,507	6.4	13.57
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	15,770.67	4,607	11,163	529	21.1	3.35
355.00	POWER GENERATION EQUIPMENT	66,482.84	44,042	22,441	2,504	9.0	3.77
360.10	COLLECTION SEWERS - FORCE MAINS	130,363.40	36,324	94,039	2,285	41.2	1.75
361.10	COLLECTION SEWERS - GRAVITY MAINS	4,908,348.03	1,174,653	3,733,695	90,533	41.2	1.84
361.20	MANHOLES	811,516.29	333,239	478,276	21,266	22.5	2.62
363.00	SERVICES	335,694.40	105,496	230,200	12,533	18.4	3.73
364.00	FLOW MEASURING DEVICES	292,901.83	66,501	226,401	12,022	18.8	4.10
365.00	FLOW MEASURING INSTALLATIONS	14,938.00	732	14,206	707	20.1	4.73
371.00	PUMPING EQUIPMENT	527,856.61	346,149	181,708	8,474	21.4	1.61
380.00	TREATMENT EQUIPMENT	1,960,668.98	1,063,635	907,035	52,439	17.3	2.67
381.00	PLANT SEWERS	1,958.97	72	1,887	45	41.9	2.30
382.00	OUTFALL SEWER LINES	201,123.34	19,468	181,655	4,593	39.6	2.28
389.10	OTHER PLANT AND MISC. EQUIPMENT - INTANGIBLE	498,868.00	0	498,868	25,583	19.5	5.13
391.00	TRANSPORTATION EQUIPMENT	63,000.00	0	63,000	4,828	13.0	7.66
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	72,333.88	64,014	8,321	1,329	6.3	1.84
394.00	LABORATORY EQUIPMENT	15,084.95	14,116	969	107	9.1	0.71
396.00	COMMUNICATION EQUIPMENT	60,829.00	0	60,829	4,195	14.5	6.90
TOTAL DEPRECIABLE PLANT		11,602,619.09	3,783,273	7,819,348	362,897	21.5	3.13
NONDEPRECIABLE PLANT							
353.20	LAND AND LAND RIGHTS - COLLECTION	606,814.78					
353.30	LAND AND LAND RIGHTS - SPP	5.00					
353.40	LAND AND LAND RIGHTS - TDP	19,002.00					
TOTAL NONDEPRECIABLE PLANT		625,821.78			34,243		
AMORTIZATION OF NET SALVAGE							
TOTAL WASTEWATER COMPANY		12,228,440.87	3,783,273	7,819,348	397,140		

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

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

TABLE 2. BRING FORWARD TO DECEMBER 31, 2010 OF BOOK RESERVE AS OF DECEMBER 31, 2009

DEPRECIABLE GROUP (1)	BOOK RESERVE	DEPRECIATION	PROJECTED	PROJECTED	PROJECTED	BOOK RESERVE
	AS OF DECEMBER 31, 2009 (2)	ACCRUALS (3)	RETIREMENTS (4)	GROSS SALVAGE (5)	COST OF REMOVAL (6)	AS OF DECEMBER 31, 2010 (7)
DEPRECIABLE PLANT						
354.30 STRUCTURES AND IMPROVEMENTS - SPP	407,348	44,765				452,113
354.40 STRUCTURES AND IMPROVEMENTS - TDP	168,784	42,024	8,923		133,773	68,112
354.70 STRUCTURES AND IMPROVEMENTS - GENERAL	4,044	563				4,607
355.00 POWER GENERATION EQUIPMENT	41,416	2,626				44,042
360.10 COLLECTION SEWERS - FORCE MAINS	34,043	2,281				36,324
361.10 COLLECTION SEWERS - GRAVITY MAINS	1,092,158	88,431	800		5,136	1,174,653
361.20 MANHOLES	311,247	21,992				333,239
363.00 SERVICES	124,909	8,669	2,400		25,682	105,496
364.00 FLOW MEASURING DEVICES	54,053	12,448				66,501
365.00 FLOW MEASURING INSTALLATIONS	0	732				732
371.00 PUMPING EQUIPMENT	337,387	8,762				346,149
380.00 TREATMENT EQUIPMENT	999,128	54,507				1,053,635
381.00 PLANT SEWERS	26	46				72
382.00 OUTFALL SEWER LINES	14,852	4,606				19,458
389.10 OTHER PLANT AND MISC. EQUIPMENT - INTANGIBLE	0	0				0
391.00 TRANSPORTATION EQUIPMENT	25,622	0	19,000		6,622	0
393.00 TOOLS, SHOP AND GARAGE EQUIPMENT	62,676	1,338				64,014
394.00 LABORATORY EQUIPMENT	14,767	44	695			14,116
396.00 COMMUNICATION EQUIPMENT	0	0				0
TOTAL DEPRECIABLE PLANT	3,692,470	293,835	31,818	0	171,213	3,783,274

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

TABLE 3. CALCULATION OF DEPRECIATION ACCRUALS FOR
THE TWELVE MONTHS ENDED DECEMBER 31, 2010

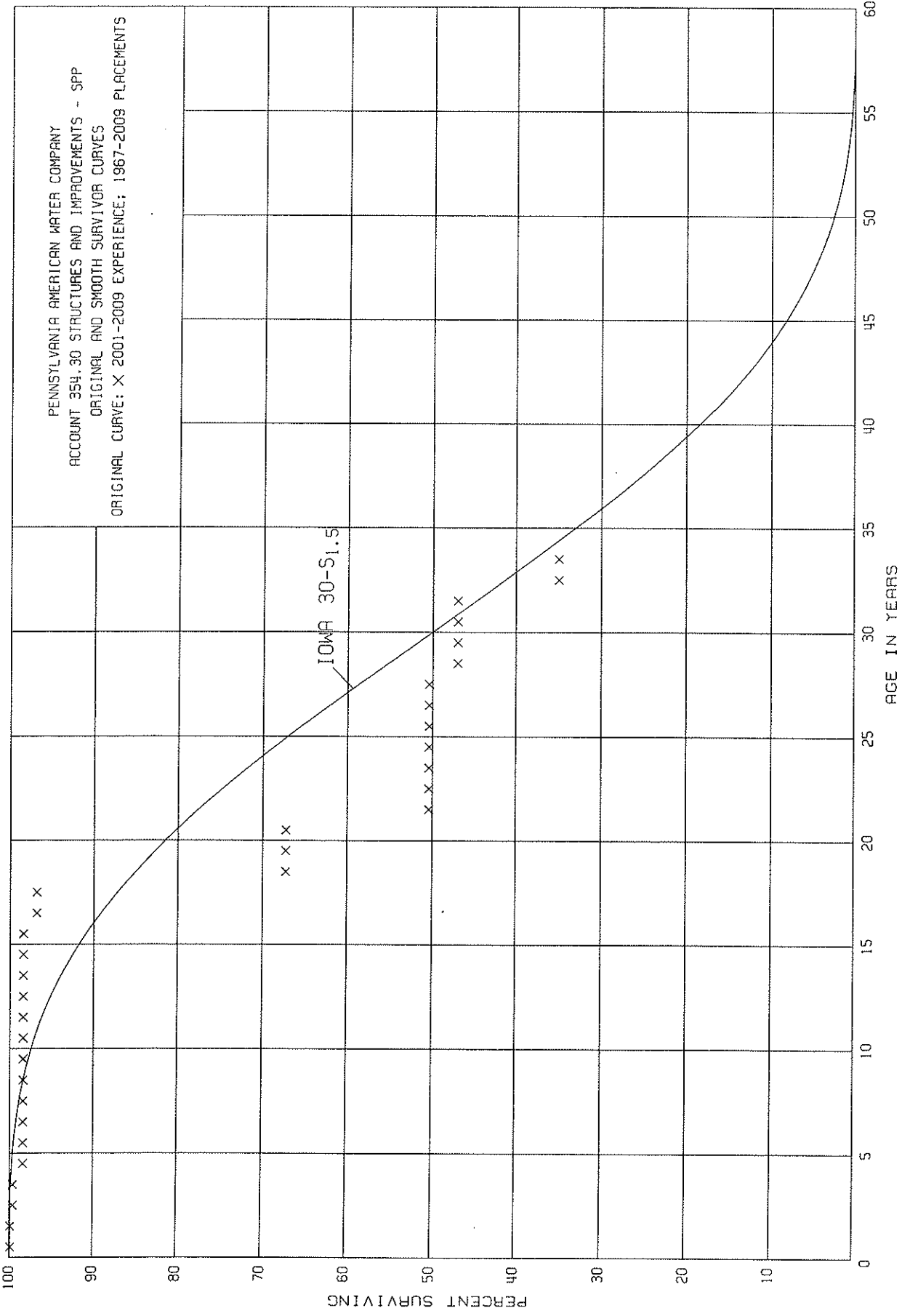
DEPRECIABLE GROUP	NET ORIGINAL COST AT DECEMBER 31, 2009	NET ORIGINAL COST AT DECEMBER 31, 2010	COMPOSITE ACCURAL RATE	ANNUAL ACCURAL AMOUNT	
(1)	(2)	(3)	(4)	(5)	
DEPRECIABLE PLANT					
354.30	STRUCTURES AND IMPROVEMENTS - SPP	864,214.26	1,090,589.26	4.58	44,765.00
354.40	STRUCTURES AND IMPROVEMENTS - TDP	452,193.52	534,290.64	8.52	42,024.23
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	15,770.67	15,770.67	3.57	563.01
355.00	POWER GENERATION EQUIPMENT	66,482.84	66,482.84	3.95	2,626.07
360.10	COLLECTION SEWERS - FORCE MAINS	130,363.40	130,363.40	1.75	2,281.36
361.10	COLLECTION SEWERS - GRAVITY MAINS	4,600,399.03	4,908,348.03	1.86	88,431.35
361.20	MANHOLES	811,516.29	811,516.29	2.71	21,992.09
363.00	SERVICES	260,094.40	335,694.40	2.91	8,668.73
364.00	FLOW MEASURING DEVICES	292,901.83	292,901.83	4.25	12,448.33
365.00	FLOW MEASURING INSTALLATIONS	14,938.00	14,938.00	4.90	731.96
371.00	PUMPING EQUIPMENT	527,856.61	527,856.61	1.66	8,762.42
380.00	TREATMENT EQUIPMENT	1,960,668.98	1,960,668.98	2.78	54,506.60
381.00	PLANT SEWERS	1,958.97	1,958.97	2.35	46.04
382.00	OUTFALL SEWER LINES	201,123.34	201,123.34	2.29	4,605.72
389.10	OTHER PLANT AND MISC. EQUIPMENT - INTANGIBLE	0.00	498,868.00	0.00	0.00
391.00	TRANSPORTATION EQUIPMENT	19,000.00	63,000.00	0.00	0.00
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	72,333.88	72,333.88	1.85	1,338.18
394.00	LABORATORY EQUIPMENT	14,962.70	15,084.95	0.29	43.57
396.00	COMMUNICATION EQUIPMENT	0.00	60,829.00	0.00	0.00
TOTAL DEPRECIABLE PLANT		10,306,778.72	11,602,619.09		293,834.66
NONDEPRECIABLE PLANT					
353.20	LAND AND LAND RIGHTS - COLLECTION	606,814.78	606,814.78		
353.30	LAND AND LAND RIGHTS - SPP	5.00	5.00		
353.4	LAND AND LAND RIGHTS - TDP	1,002.00	19,002.00		
TOTAL NONDEPRECIABLE PLANT		607,821.78	625,821.78		
TOTAL WASTEWATER COMPANY		10,914,600.50	12,228,440.87		

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

TABLE 4. AMORTIZATION OF EXPERIENCED AND ESTIMATED NET SALVAGE

Account (1)	2006		2007		2008		2009		2010		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)		
354.40	-	(3)	+	(5)	+	(6)	+	(8)	+	(10)	=	(13)
361.10												
363.00												
391.00												
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	171,213.00	(171,213.00)	(34,242.60)

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



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - SPP

ORIGINAL LIFE TABLE

PLACEMENT BAND 1967-2009			EXPERIENCE BAND 2001-2009		
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	5,411,273		0.0000	1.0000	100.00
0.5	1,824,695		0.0000	1.0000	100.00
1.5	1,774,451	6,642	0.0037	0.9963	100.00
2.5	1,329,484		0.0000	1.0000	99.63
3.5	392,976	5,000	0.0127	0.9873	99.63
4.5	332,622		0.0000	1.0000	98.36
5.5	265,975		0.0000	1.0000	98.36
6.5	221,369		0.0000	1.0000	98.36
7.5	221,369		0.0000	1.0000	98.36
8.5	42,369		0.0000	1.0000	98.36
9.5	35,333		0.0000	1.0000	98.36
10.5	24,176		0.0000	1.0000	98.36
11.5	24,176		0.0000	1.0000	98.36
12.5	64,092		0.0000	1.0000	98.36
13.5	109,290		0.0000	1.0000	98.36
14.5	145,290		0.0000	1.0000	98.36
15.5	365,846	6,000	0.0164	0.9836	98.36
16.5	347,766		0.0000	1.0000	96.75
17.5	57,464	17,548	0.3054	0.6946	96.75
18.5	101,975		0.0000	1.0000	67.20
19.5	101,975		0.0000	1.0000	67.20
20.5	62,059	15,515	0.2500	0.7500	67.20
21.5	523,832	480	0.0009	0.9991	50.40
22.5	523,352		0.0000	1.0000	50.35
23.5	57,210		0.0000	1.0000	50.35
24.5	57,210		0.0000	1.0000	50.35
25.5	96,374		0.0000	1.0000	50.35
26.5	50,310		0.0000	1.0000	50.35
27.5	55,750	3,680	0.0660	0.9340	50.35
28.5	57,843		0.0000	1.0000	47.03
29.5	52,403		0.0000	1.0000	47.03
30.5	52,403		0.0000	1.0000	47.03
31.5	41,256	10,682	0.2589	0.7411	47.03
32.5	30,575		0.0000	1.0000	34.85
33.5					34.85
34.5					
35.5					
36.5					
37.5					
38.5					

PENNSYLVANIA AMERICAN WATER COMPANY

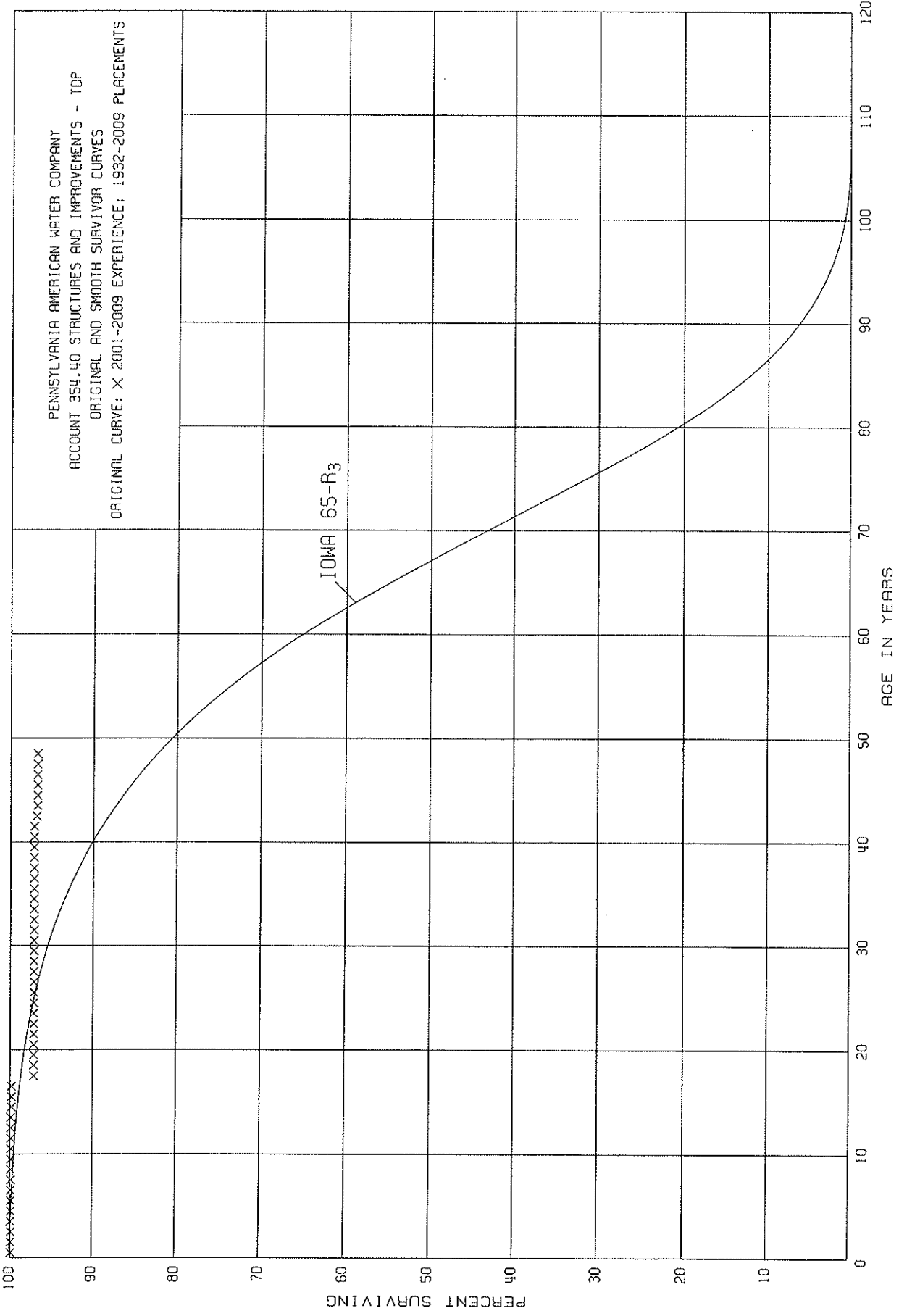
ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - SPP

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1967-2009

EXPERIENCE BAND 2001-2009

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	13,500		0.0000		
41.5	13,500		0.0000		
42.5					



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TDP

ORIGINAL LIFE TABLE

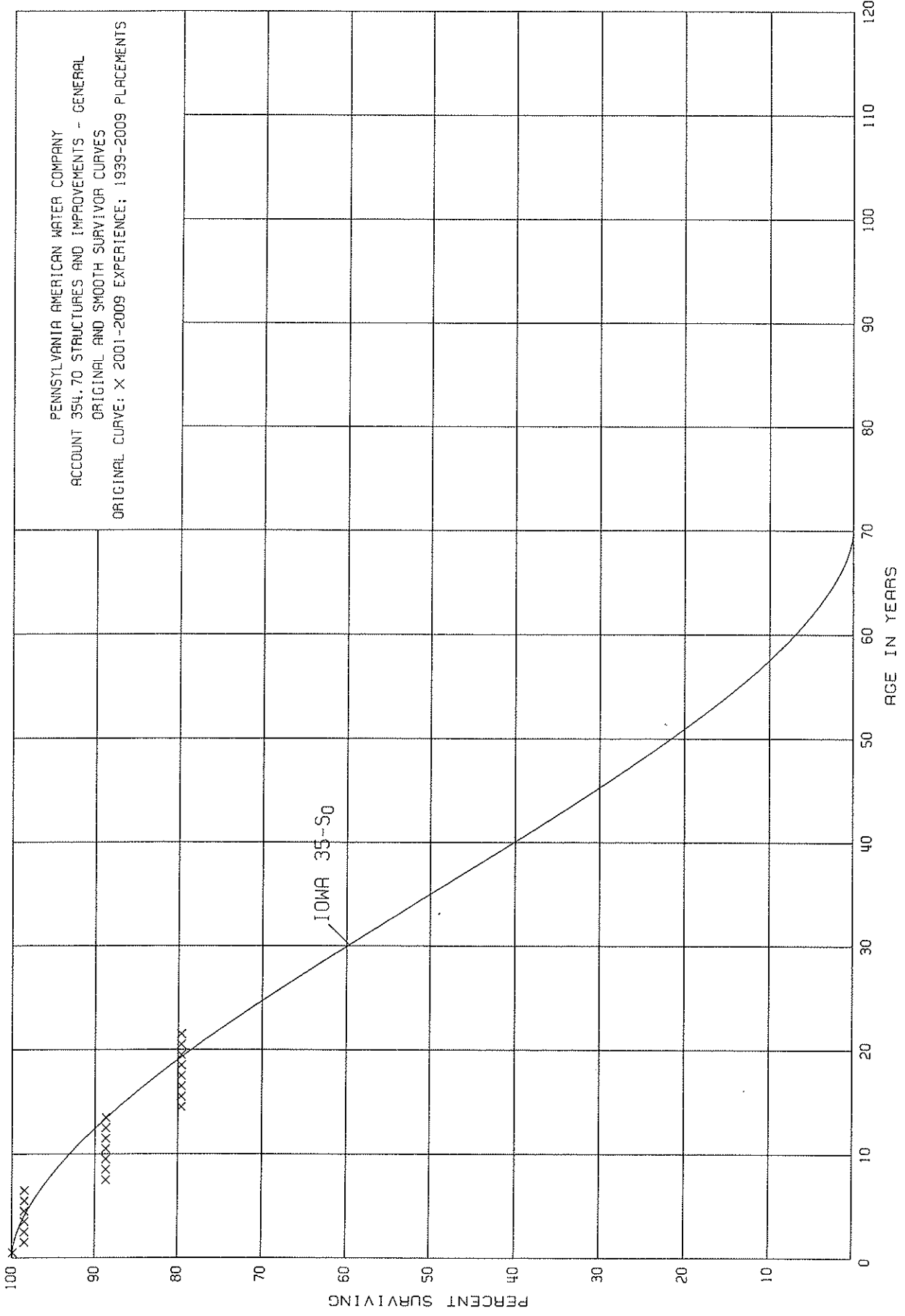
PLACEMENT BAND 1932-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	24,775,112		0.0000	1.0000	100.00
0.5	3,510,948		0.0000	1.0000	100.00
1.5	810,943		0.0000	1.0000	100.00
2.5	1,483,732		0.0000	1.0000	100.00
3.5	1,168,289		0.0000	1.0000	100.00
4.5	1,405,961		0.0000	1.0000	100.00
5.5	1,096,298		0.0000	1.0000	100.00
6.5	1,270,045		0.0000	1.0000	100.00
7.5	1,152,945		0.0000	1.0000	100.00
8.5	869,279		0.0000	1.0000	100.00
9.5	1,014,897		0.0000	1.0000	100.00
10.5	1,026,019		0.0000	1.0000	100.00
11.5	667,863		0.0000	1.0000	100.00
12.5	2,814,617		0.0000	1.0000	100.00
13.5	4,456,351	7,046	0.0016	0.9984	100.00
14.5	4,385,822		0.0000	1.0000	99.84
15.5	4,291,899		0.0000	1.0000	99.84
16.5	3,992,434	107,291	0.0269	0.9731	99.84
17.5	3,862,902		0.0000	1.0000	97.15
18.5	3,732,311		0.0000	1.0000	97.15
19.5	3,816,478		0.0000	1.0000	97.15
20.5	2,931,156		0.0000	1.0000	97.15
21.5	1,240,136		0.0000	1.0000	97.15
22.5	1,109,861		0.0000	1.0000	97.15
23.5	782,378		0.0000	1.0000	97.15
24.5	782,378		0.0000	1.0000	97.15
25.5	89,120		0.0000	1.0000	97.15
26.5	89,120		0.0000	1.0000	97.15
27.5	4,415		0.0000	1.0000	97.15
28.5	4,415		0.0000	1.0000	97.15
29.5	1,958		0.0000	1.0000	97.15
30.5	100,570		0.0000	1.0000	97.15
31.5	100,570		0.0000	1.0000	97.15
32.5	91,889		0.0000	1.0000	97.15
33.5	140,329		0.0000	1.0000	97.15
34.5	178,810		0.0000	1.0000	97.15
35.5	178,445		0.0000	1.0000	97.15
36.5	139,964		0.0000	1.0000	97.15
37.5	139,964		0.0000	1.0000	97.15
38.5	51,076		0.0000	1.0000	97.15

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TDP

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1932-2009			EXPERIENCE BAND 2001-2009		
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	97.15
40.5	791,989		0.0000	1.0000	97.15
41.5	767,689	2,200	0.0029	0.9971	97.15
42.5	665,159	602	0.0009	0.9991	96.87
43.5	663,123		0.0000	1.0000	96.78
44.5	663,123		0.0000	1.0000	96.78
45.5	663,123		0.0000	1.0000	96.78
46.5	662,080	230	0.0003	0.9997	96.78
47.5	411,759		0.0000	1.0000	96.75
48.5					96.75
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	31,500		0.0000		
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		0.0000		
72.5	39,928		0.0000		
73.5	39,928		0.0000		
74.5	39,928		0.0000		
75.5	39,928		0.0000		
76.5	602		0.0000		
77.5					



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.70 STRUCTURES AND IMPROVEMENTS - GENERAL

ORIGINAL LIFE TABLE

PLACEMENT BAND 1939-2009			EXPERIENCE BAND 2001-2009			
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	109,556		0.0000	1.0000	100.00	
0.5	25,979	400	0.0154	0.9846	100.00	
1.5	17,673		0.0000	1.0000	98.46	
2.5	1,479		0.0000	1.0000	98.46	
3.5	1,479		0.0000	1.0000	98.46	
4.5	2,639		0.0000	1.0000	98.46	
5.5	4,149		0.0000	1.0000	98.46	
6.5	4,149	413	0.0995	0.9005	98.46	
7.5	161,515		0.0000	1.0000	88.66	
8.5	161,515		0.0000	1.0000	88.66	
9.5	161,515		0.0000	1.0000	88.66	
10.5	161,515		0.0000	1.0000	88.66	
11.5	161,515		0.0000	1.0000	88.66	
12.5	160,355		0.0000	1.0000	88.66	
13.5	176,469	18,073	0.1024	0.8976	88.66	
14.5	156,886		0.0000	1.0000	79.58	
15.5	156,886		0.0000	1.0000	79.58	
16.5	16,114		0.0000	1.0000	79.58	
17.5	16,114		0.0000	1.0000	79.58	
18.5	16,114		0.0000	1.0000	79.58	
19.5	16,114		0.0000	1.0000	79.58	
20.5	16,114		0.0000	1.0000	79.58	
21.5					79.58	
22.5	12,308		0.0000			
23.5	12,308		0.0000			
24.5	12,308		0.0000			
25.5						
26.5						
27.5						
28.5						
29.5						
30.5						
31.5						
32.5						
33.5						
34.5						
35.5	450		0.0000			
36.5	450		0.0000			
37.5						
38.5						

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.70 STRUCTURES AND IMPROVEMENTS - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1939-2009

EXPERIENCE BAND 2001-2009

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
68.5

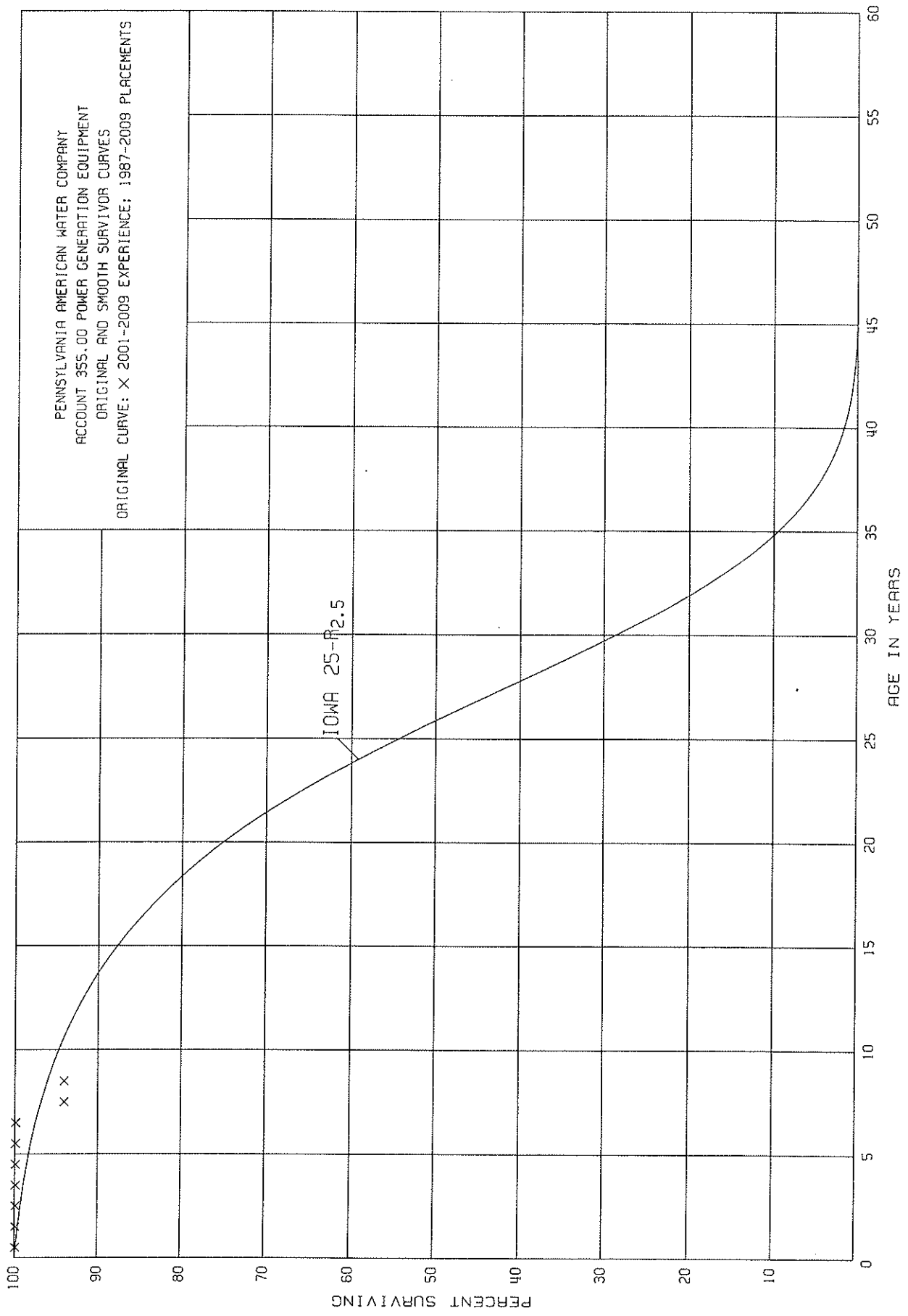
3,802

0.0000

69.5
70.5

3,802

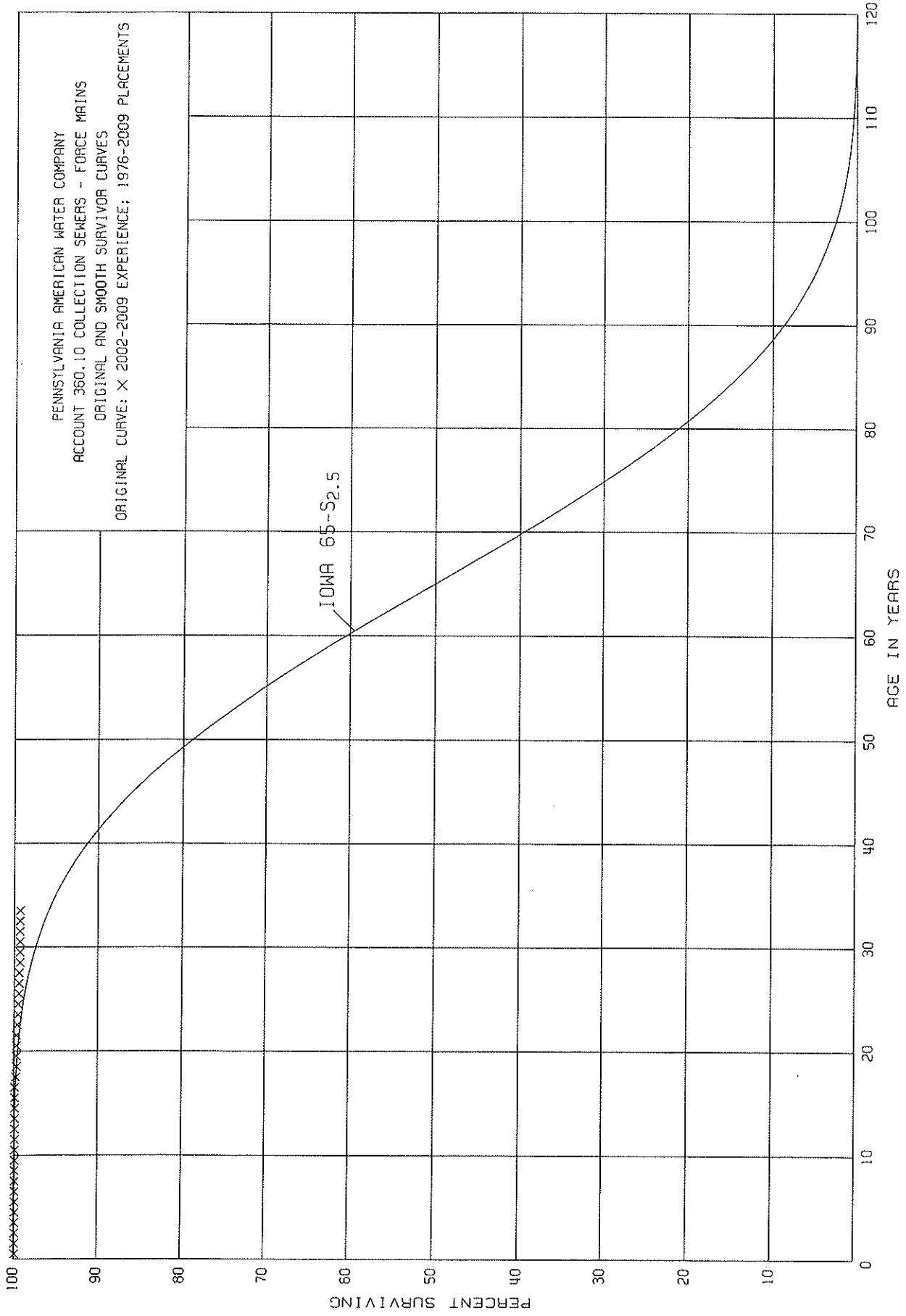
0.0000



PENNSYLVANIA AMERICAN WATER COMPANY
 ACCOUNT 355.00 POWER GENERATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1987-2009			EXPERIENCE BAND 2001-2009		
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	92,898		0.0000	1.0000	100.00
0.5	54,491		0.0000	1.0000	100.00
1.5	6,349		0.0000	1.0000	100.00
2.5	1,161		0.0000	1.0000	100.00
3.5	23,611		0.0000	1.0000	100.00
4.5	65,986		0.0000	1.0000	100.00
5.5	65,986		0.0000	1.0000	100.00
6.5	65,986	3,897	0.0591	0.9409	100.00
7.5	39,639		0.0000	1.0000	94.09
8.5					94.09
9.5					
10.5					
11.5					
12.5	51,646		0.0000		
13.5	114,281		0.0000		
14.5	114,281		0.0000		
15.5	140,113		0.0000		
16.5	140,113		0.0000		
17.5	93,956		0.0000		
18.5	93,956		0.0000		
19.5	93,956	1,204	0.0128		
20.5	42,310		0.0000		
21.5	42,310		0.0000		
22.5					

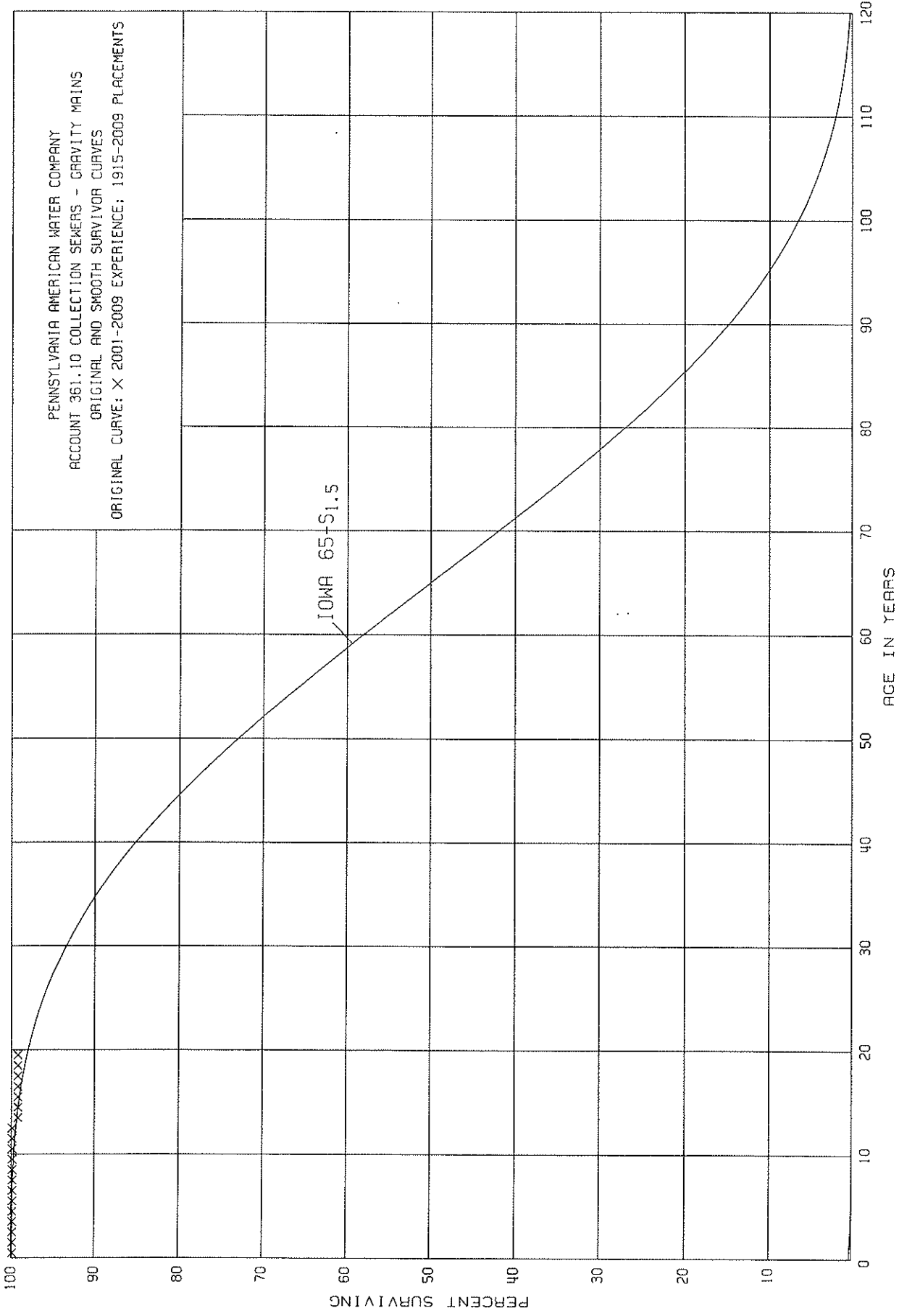


PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 360.10 COLLECTION SEWERS - FORCE MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1976-2009			EXPERIENCE BAND 2002-2009		
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	4,238,374		0.0000	1.0000	100.00
0.5	4,231,198		0.0000	1.0000	100.00
1.5	5,123,327		0.0000	1.0000	100.00
2.5	4,462,506		0.0000	1.0000	100.00
3.5	3,146,949	187	0.0001	0.9999	100.00
4.5	4,219,909		0.0000	1.0000	99.99
5.5	2,196,316		0.0000	1.0000	99.99
6.5	1,914,076	1,434	0.0007	0.9993	99.99
7.5	1,560,497	451	0.0003	0.9997	99.92
8.5	745,791		0.0000	1.0000	99.89
9.5	369,692		0.0000	1.0000	99.89
10.5	615,133		0.0000	1.0000	99.89
11.5	395,502		0.0000	1.0000	99.89
12.5	617,014		0.0000	1.0000	99.89
13.5	745,830		0.0000	1.0000	99.89
14.5	931,615		0.0000	1.0000	99.89
15.5	658,389		0.0000	1.0000	99.89
16.5	735,589	377	0.0005	0.9995	99.89
17.5	735,212	769	0.0010	0.9990	99.84
18.5	813,791	687	0.0008	0.9992	99.74
19.5	862,266		0.0000	1.0000	99.66
20.5	817,297		0.0000	1.0000	99.66
21.5	881,946	553	0.0006	0.9994	99.66
22.5	769,358	505	0.0007	0.9993	99.60
23.5	945,607	590	0.0006	0.9994	99.53
24.5	658,304	644	0.0010	0.9990	99.47
25.5	911,699		0.0000	1.0000	99.37
26.5	757,444		0.0000	1.0000	99.37
27.5	708,282	254	0.0004	0.9996	99.37
28.5	730,844		0.0000	1.0000	99.33
29.5	655,738		0.0000	1.0000	99.33
30.5	581,989		0.0000	1.0000	99.33
31.5	311,633		0.0000	1.0000	99.33
32.5	311,633	153	0.0005	0.9995	99.33
33.5					99.28



PENNSYLVANIA AMERICAN WATER COMPANY
ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1915-2009			EXPERIENCE BAND 2001-2009		
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	15,200,699		0.0000	1.0000	100.00
0.5	13,391,063		0.0000	1.0000	100.00
1.5	7,261,338		0.0000	1.0000	100.00
2.5	4,359,576		0.0000	1.0000	100.00
3.5	8,452,185		0.0000	1.0000	100.00
4.5	5,665,781		0.0000	1.0000	100.00
5.5	5,521,754		0.0000	1.0000	100.00
6.5	5,563,470		0.0000	1.0000	100.00
7.5	5,857,389		0.0000	1.0000	100.00
8.5	5,296,758		0.0000	1.0000	100.00
9.5	5,037,963		0.0000	1.0000	100.00
10.5	5,083,172		0.0000	1.0000	100.00
11.5	4,680,568		0.0000	1.0000	100.00
12.5	553,960	4,460	0.0081	0.9919	100.00
13.5	597,461		0.0000	1.0000	99.19
14.5	862,559		0.0000	1.0000	99.19
15.5	755,555		0.0000	1.0000	99.19
16.5	215,711		0.0000	1.0000	99.19
17.5	188,013		0.0000	1.0000	99.19
18.5	188,013		0.0000	1.0000	99.19
19.5					99.19
20.5					
21.5	628,794		0.0000		
22.5	2,392,882		0.0000		
23.5	1,764,088		0.0000		
24.5	1,254,406		0.0000		
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	155,215		0.0000		
31.5	155,215		0.0000		
32.5	65,104		0.0000		
33.5	134,573		0.0000		
34.5	69,469		0.0000		
35.5					
36.5					
37.5					
38.5	92,525		0.0000		

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

ORIGINAL LIFE TABLE, CONT.

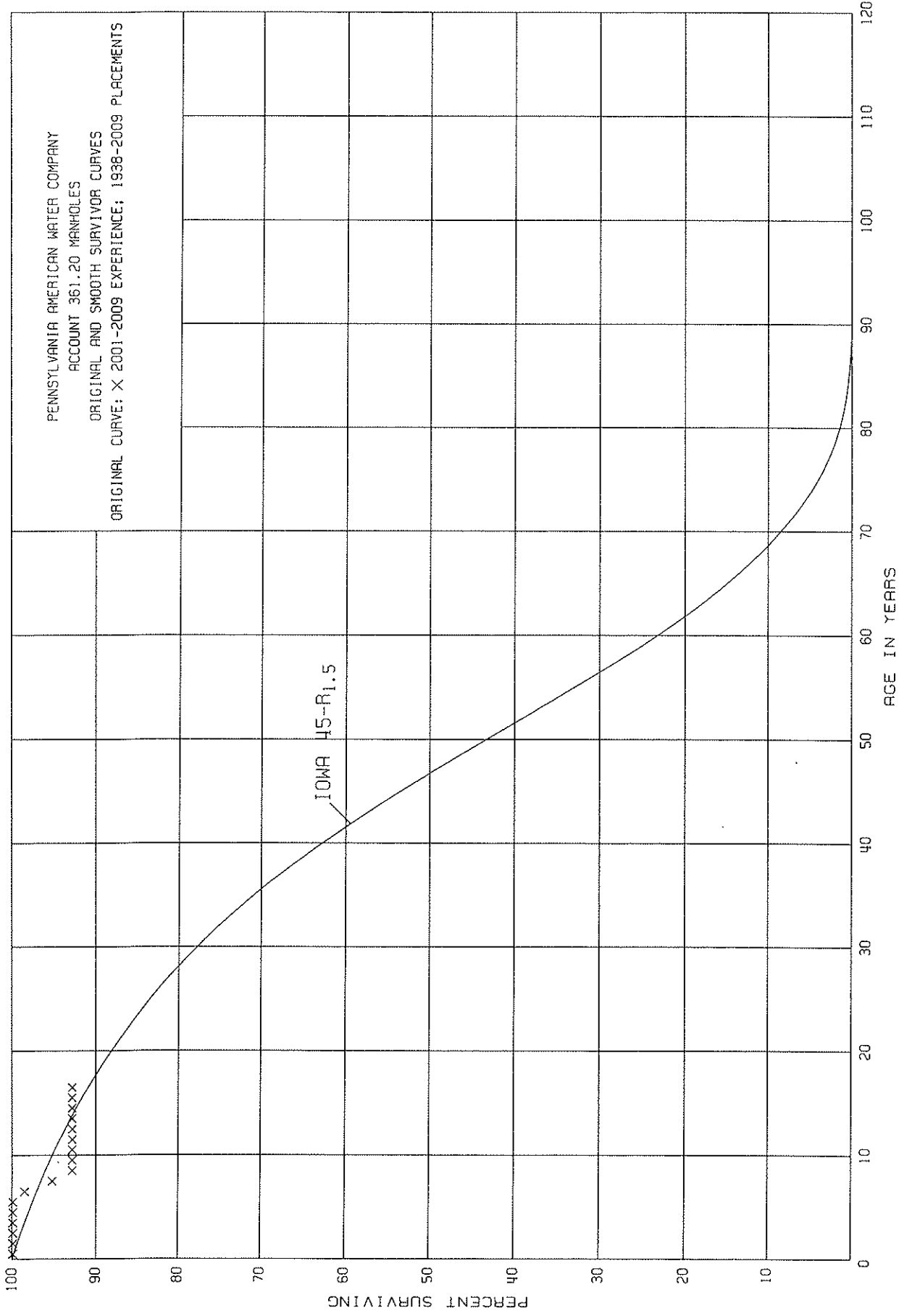
PLACEMENT BAND 1915-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	127,457		0.0000		
40.5	34,932		0.0000		
41.5					
42.5	267,747		0.0000		
43.5	267,747		0.0000		
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5	38,593		0.0000		
53.5	38,593		0.0000		
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	46,703	61	0.0013		
63.5	46,642	289	0.0062		
64.5					
65.5	48,385		0.0000		
66.5	48,385		0.0000		
67.5	48,385		0.0000		
68.5	244,336		0.0000		
69.5	244,336		0.0000		
70.5	489,097		0.0000		
71.5	489,097	22	0.0000		
72.5	489,076		0.0000		
73.5	489,076		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	403,480	8,017	0.0199		
78.5	395,463	162,959	0.4121		

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1915-2009			EXPERIENCE BAND 2001-2009		
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	463,547	153,014	0.3301		
88.5	310,533	7	0.0000		
89.5	120,843		0.0000		
90.5	120,843	7,301	0.0604		
91.5	113,542		0.0000		
92.5	113,542	1,273	0.0112		
93.5	112,269	4,366	0.0389		
94.5					



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 361.20 MANHOLES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2009

EXPERIENCE BAND 2001-2009

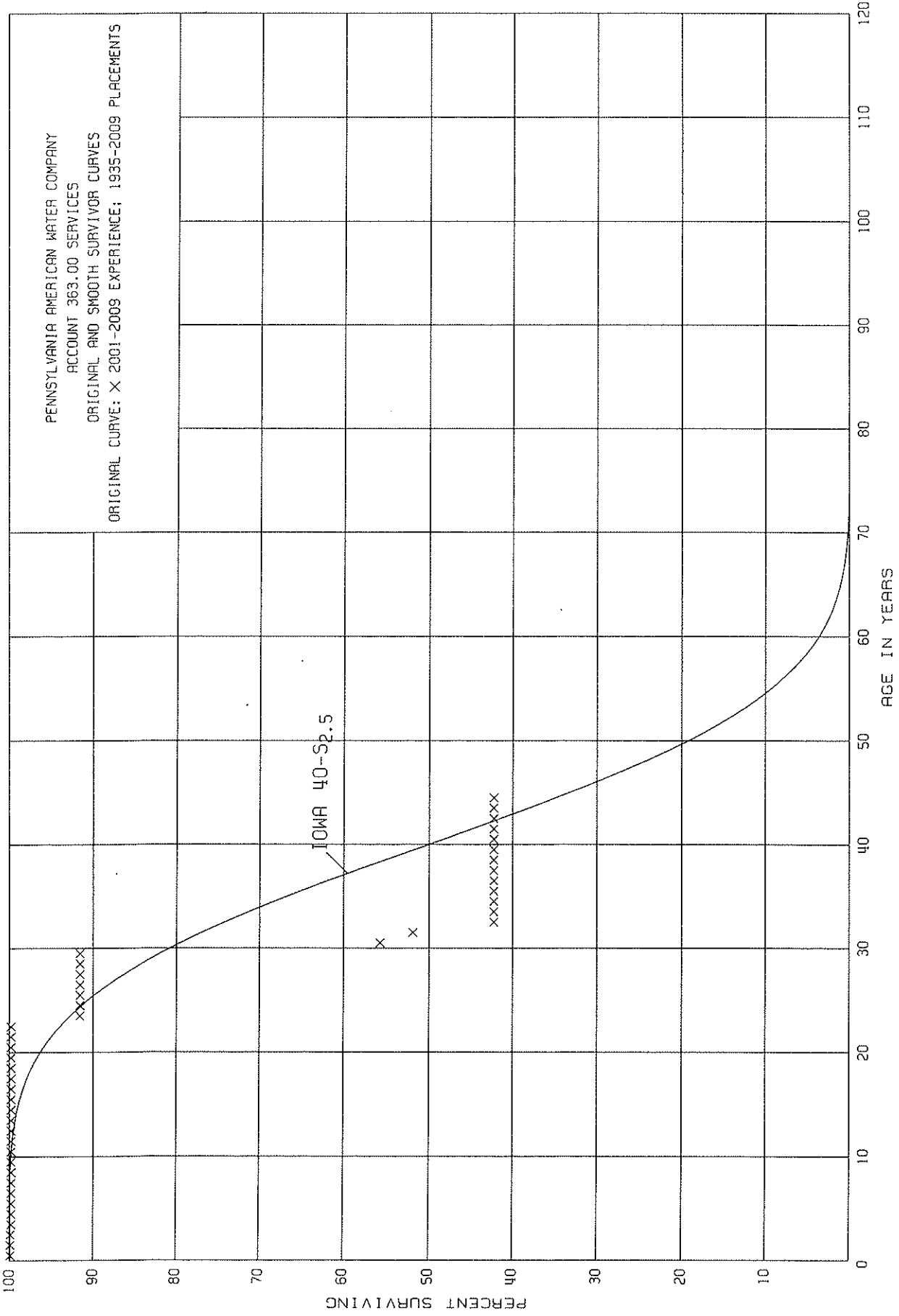
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	596,511		0.0000	1.0000	100.00
0.5	504,350		0.0000	1.0000	100.00
1.5	387,333		0.0000	1.0000	100.00
2.5	452,369		0.0000	1.0000	100.00
3.5	628,473	911	0.0014	0.9986	100.00
4.5	704,021		0.0000	1.0000	99.86
5.5	486,988	6,667	0.0137	0.9863	99.86
6.5	426,656	14,231	0.0334	0.9666	98.49
7.5	270,396	6,961	0.0257	0.9743	95.20
8.5	173,630		0.0000	1.0000	92.75
9.5	65,590		0.0000	1.0000	92.75
10.5	88,319		0.0000	1.0000	92.75
11.5	50,854		0.0000	1.0000	92.75
12.5	28,125		0.0000	1.0000	92.75
13.5	52,203		0.0000	1.0000	92.75
14.5	84,346		0.0000	1.0000	92.75
15.5	58,272		0.0000	1.0000	92.75
16.5					92.75
17.5					
18.5					
19.5					
20.5					
21.5	133,977		0.0000		
22.5	361,292		0.0000		
23.5	254,051		0.0000		
24.5	72,254		0.0000		
25.5					
26.5					
27.5					
28.5					
29.5					
30.5	18,683		0.0000		
31.5	18,683		0.0000		
32.5					
33.5	17,998		0.0000		
34.5	17,998		0.0000		
35.5					
36.5					
37.5					
38.5	21,473		0.0000		

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 361.20 MANHOLES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1938-2009			EXPERIENCE BAND 2001-2009		
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	56,861		0.0000		
40.5	35,388		0.0000		
41.5					
42.5	50,344		0.0000		
43.5	50,344		0.0000		
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5	6,601		0.0000		
53.5	6,601		0.0000		
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	66,622	22,989	0.3451		
69.5	43,633		0.0000		
70.5					



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 363:00 SERVICES

ORIGINAL LIFE TABLE

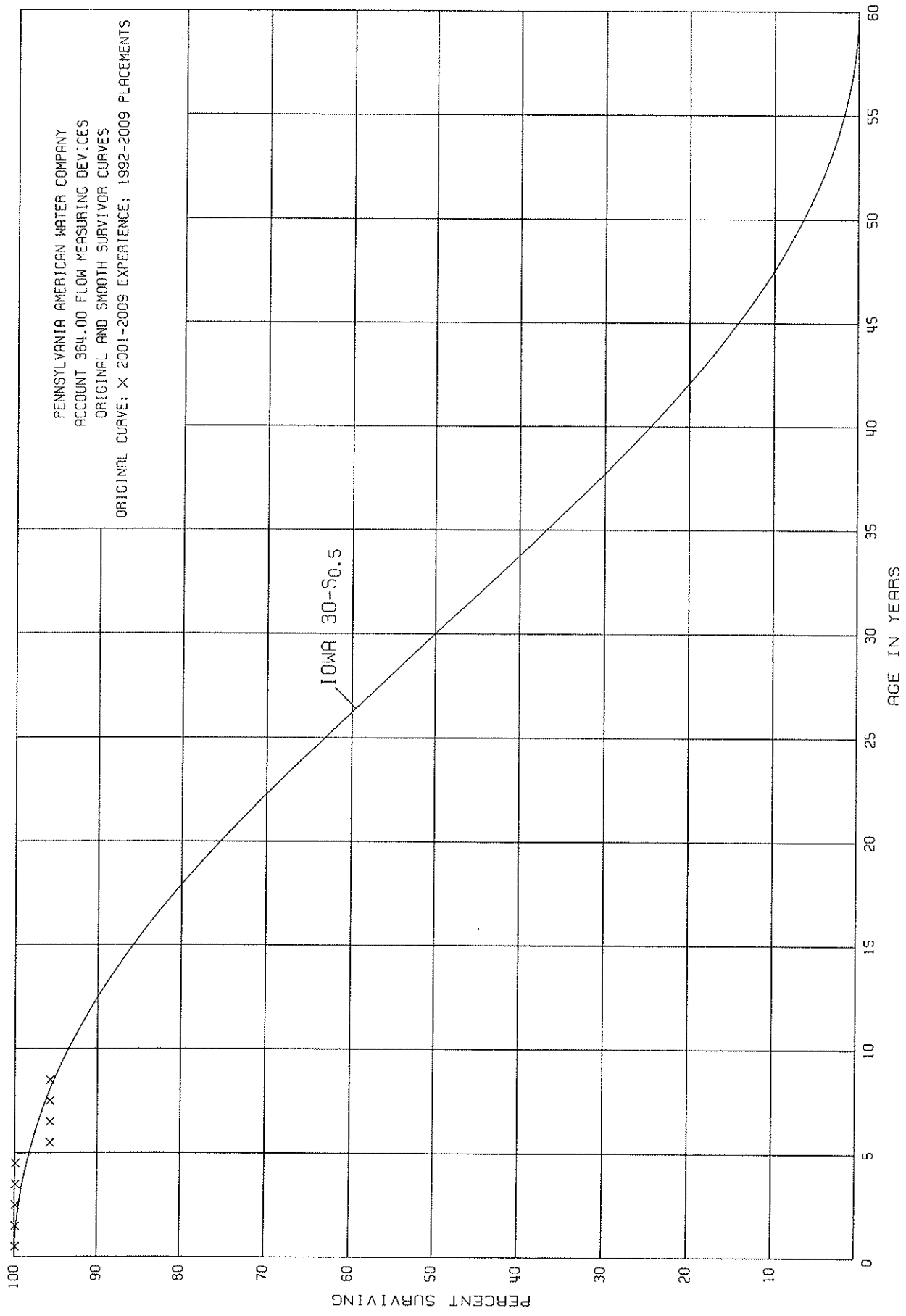
PLACEMENT BAND 1935-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,758,845		0.0000	1.0000	100.00
0.5	2,749,360		0.0000	1.0000	100.00
1.5	2,564,208		0.0000	1.0000	100.00
2.5	2,401,819	5,668	0.0024	0.9976	100.00
3.5	2,160,556		0.0000	1.0000	99.76
4.5	2,166,161		0.0000	1.0000	99.76
5.5	1,373,628		0.0000	1.0000	99.76
6.5	1,290,842		0.0000	1.0000	99.76
7.5	1,185,119		0.0000	1.0000	99.76
8.5	1,170,142		0.0000	1.0000	99.76
9.5	863,394		0.0000	1.0000	99.76
10.5	815,136		0.0000	1.0000	99.76
11.5	629,778		0.0000	1.0000	99.76
12.5	292,804		0.0000	1.0000	99.76
13.5	265,683		0.0000	1.0000	99.76
14.5	334,463		0.0000	1.0000	99.76
15.5	287,737		0.0000	1.0000	99.76
16.5	314,187		0.0000	1.0000	99.76
17.5	315,744		0.0000	1.0000	99.76
18.5	313,706		0.0000	1.0000	99.76
19.5	293,474		0.0000	1.0000	99.76
20.5	843,824		0.0000	1.0000	99.76
21.5	906,408		0.0000	1.0000	99.76
22.5	1,077,300	87,997	0.0817	0.9183	99.76
23.5	1,048,619		0.0000	1.0000	91.61
24.5	992,707		0.0000	1.0000	91.61
25.5	851,950		0.0000	1.0000	91.61
26.5	825,331		0.0000	1.0000	91.61
27.5	808,152		0.0000	1.0000	91.61
28.5	816,992		0.0000	1.0000	91.61
29.5	228,975	89,635	0.3915	0.6085	91.61
30.5	285,994	19,598	0.0685	0.9315	55.74
31.5	266,396	50,126	0.1882	0.8118	51.92
32.5	188,975		0.0000	1.0000	42.15
33.5	174,676		0.0000	1.0000	42.15
34.5	174,676		0.0000	1.0000	42.15
35.5	277,085		0.0000	1.0000	42.15
36.5	277,085		0.0000	1.0000	42.15
37.5	110,064		0.0000	1.0000	42.15
38.5	118,911		0.0000	1.0000	42.15

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 363.00 SERVICES

ORIGINAL LIFE TABLE, CONT.

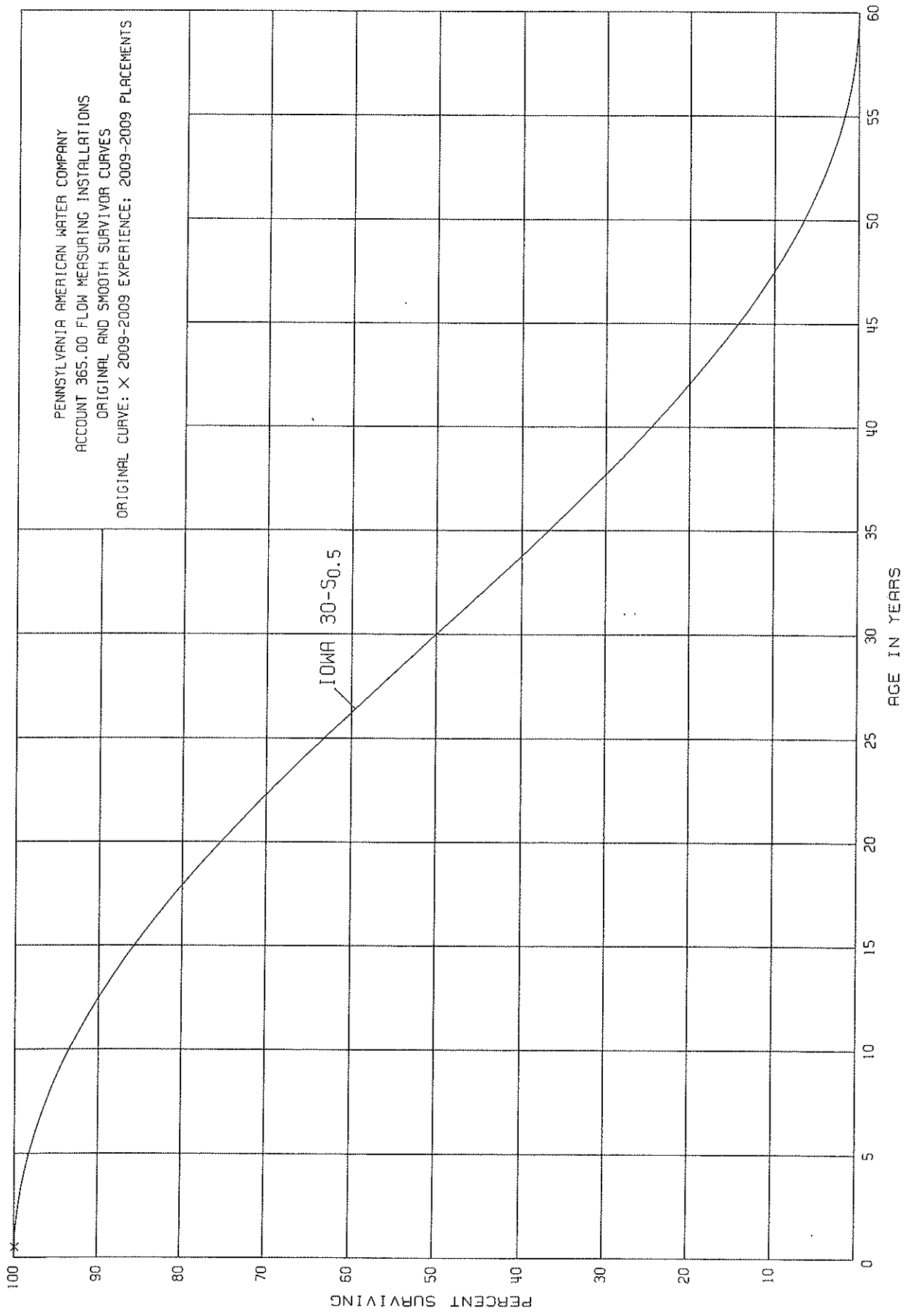
PLACEMENT BAND 1935-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	131,280		0.0000	1.0000	42.15
40.5	122,432		0.0000	1.0000	42.15
41.5	110,064		0.0000	1.0000	42.15
42.5	20,490		0.0000	1.0000	42.15
43.5	20,490		0.0000	1.0000	42.15
44.5					42.15
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5	2,102		0.0000		
53.5	2,102		0.0000		
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	13,303		0.0000		
69.5	13,303	819	0.0616		
70.5	2,417		0.0000		
71.5	2,417	709	0.2933		
72.5	1,708	1,251	0.7324		
73.5	457	442	0.9672		
74.5					



PENNSYLVANIA AMERICAN WATER COMPANY
ACCOUNT 364.00 FLOW MEASURING DEVICES

ORIGINAL LIFE TABLE

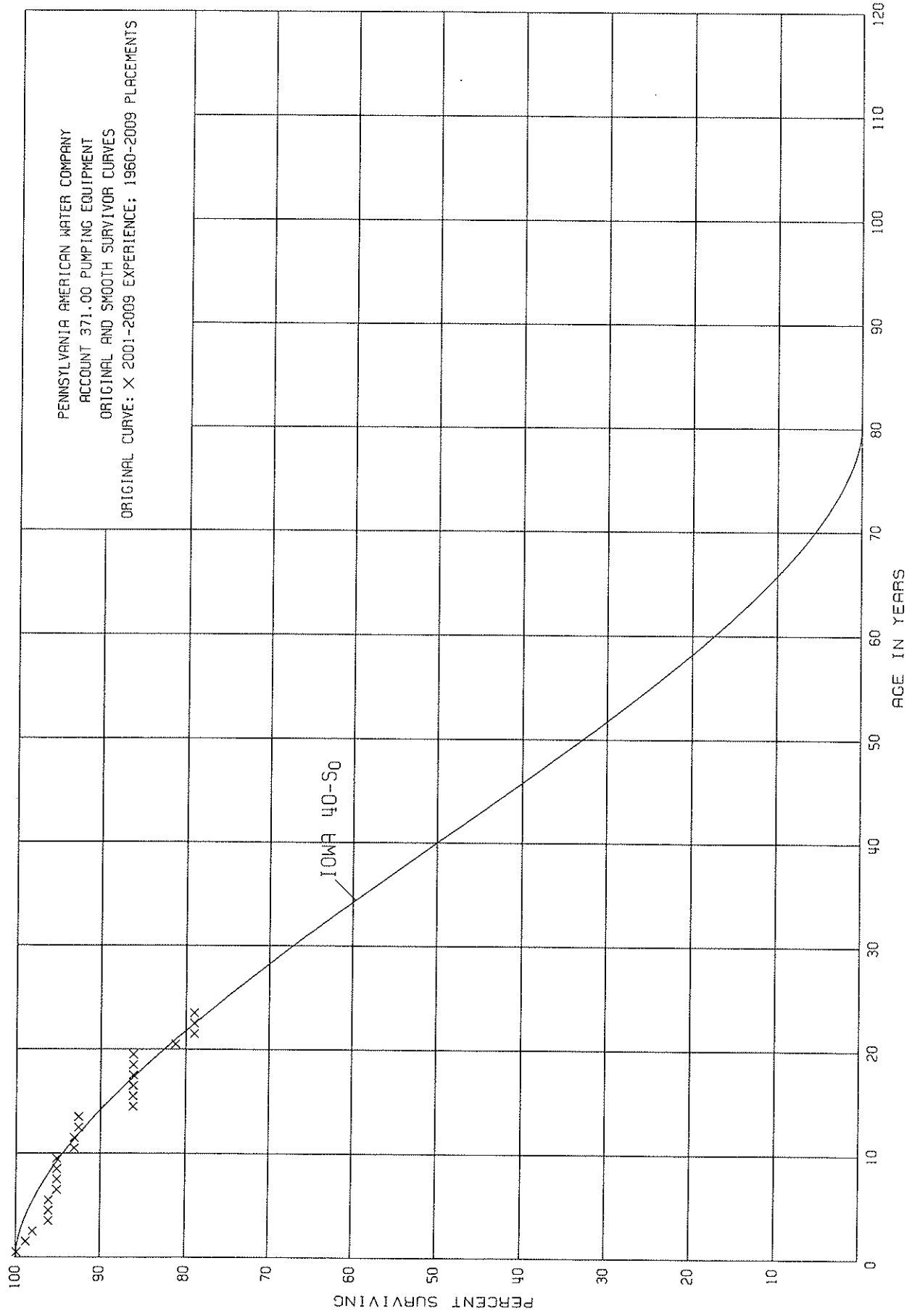
PLACEMENT BAND 1992-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	119,448		0.0000	1.0000	100.00
0.5	55,074		0.0000	1.0000	100.00
1.5	52,821		0.0000	1.0000	100.00
2.5	264,112		0.0000	1.0000	100.00
3.5	252,967		0.0000	1.0000	100.00
4.5	32,646	1,418	0.0434	0.9566	100.00
5.5	29,730		0.0000	1.0000	95.66
6.5	22,180		0.0000	1.0000	95.66
7.5	2,038		0.0000	1.0000	95.66
8.5					95.66
9.5	4,908		0.0000		
10.5	4,908		0.0000		
11.5	4,908		0.0000		
12.5	4,908		0.0000		
13.5	4,908		0.0000		
14.5	4,908		0.0000		
15.5	13,078		0.0000		
16.5	13,078		0.0000		
17.5					



PENNSYLVANIA AMERICAN WATER COMPANY
ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 2009-2009			EXPERIENCE BAND 2009-2009		
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	22,182		0.0000	1.0000	100.00
0.5					100.00



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 371.00 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE

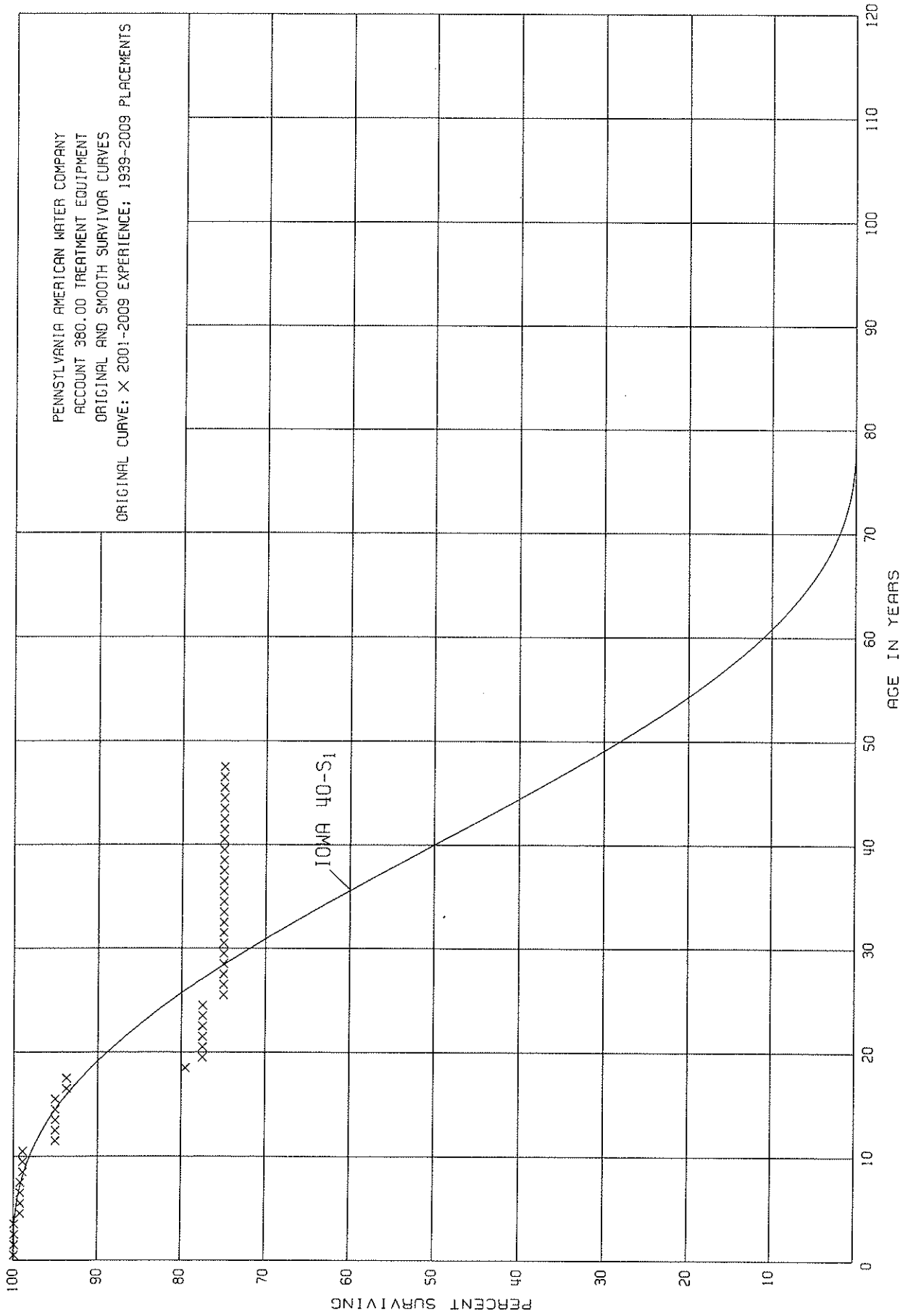
PLACEMENT BAND 1960-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,012,648		0.0000	1.0000	100.00
0.5	431,494	5,063	0.0117	0.9883	100.00
1.5	447,542	3,796	0.0085	0.9915	98.83
2.5	453,004	8,570	0.0189	0.9811	97.99
3.5	401,703		0.0000	1.0000	96.14
4.5	259,763		0.0000	1.0000	96.14
5.5	95,076	1,071	0.0113	0.9887	96.14
6.5	123,102		0.0000	1.0000	95.05
7.5	123,102		0.0000	1.0000	95.05
8.5	66,155		0.0000	1.0000	95.05
9.5	14,709	300	0.0204	0.9796	95.05
10.5	35,122		0.0000	1.0000	93.11
11.5	61,305	313	0.0051	0.9949	93.11
12.5	40,279		0.0000	1.0000	92.64
13.5	201,207	14,096	0.0701	0.9299	92.64
14.5	187,111		0.0000	1.0000	86.15
15.5	297,341		0.0000	1.0000	86.15
16.5	255,017		0.0000	1.0000	86.15
17.5	116,688		0.0000	1.0000	86.15
18.5	116,688		0.0000	1.0000	86.15
19.5	116,688	6,716	0.0576	0.9424	86.15
20.5	109,972	2,936	0.0267	0.9733	81.19
21.5	252,804		0.0000	1.0000	79.02
22.5	252,804		0.0000	1.0000	79.02
23.5					79.02
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	104,596		0.0000		
38.5	54,957		0.0000		

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 371.00 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1960-2009			EXPERIENCE BAND 2001-2009		
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	83,470		0.0000		
41.5	83,470		0.0000		
42.5	77,470	6,122	0.0790		
43.5	22,842		0.0000		
44.5	22,842		0.0000		
45.5	22,842		0.0000		
46.5	22,842		0.0000		
47.5	16,267		0.0000		
48.5					



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 380.00 TREATMENT EQUIPMENT

ORIGINAL LIFE TABLE

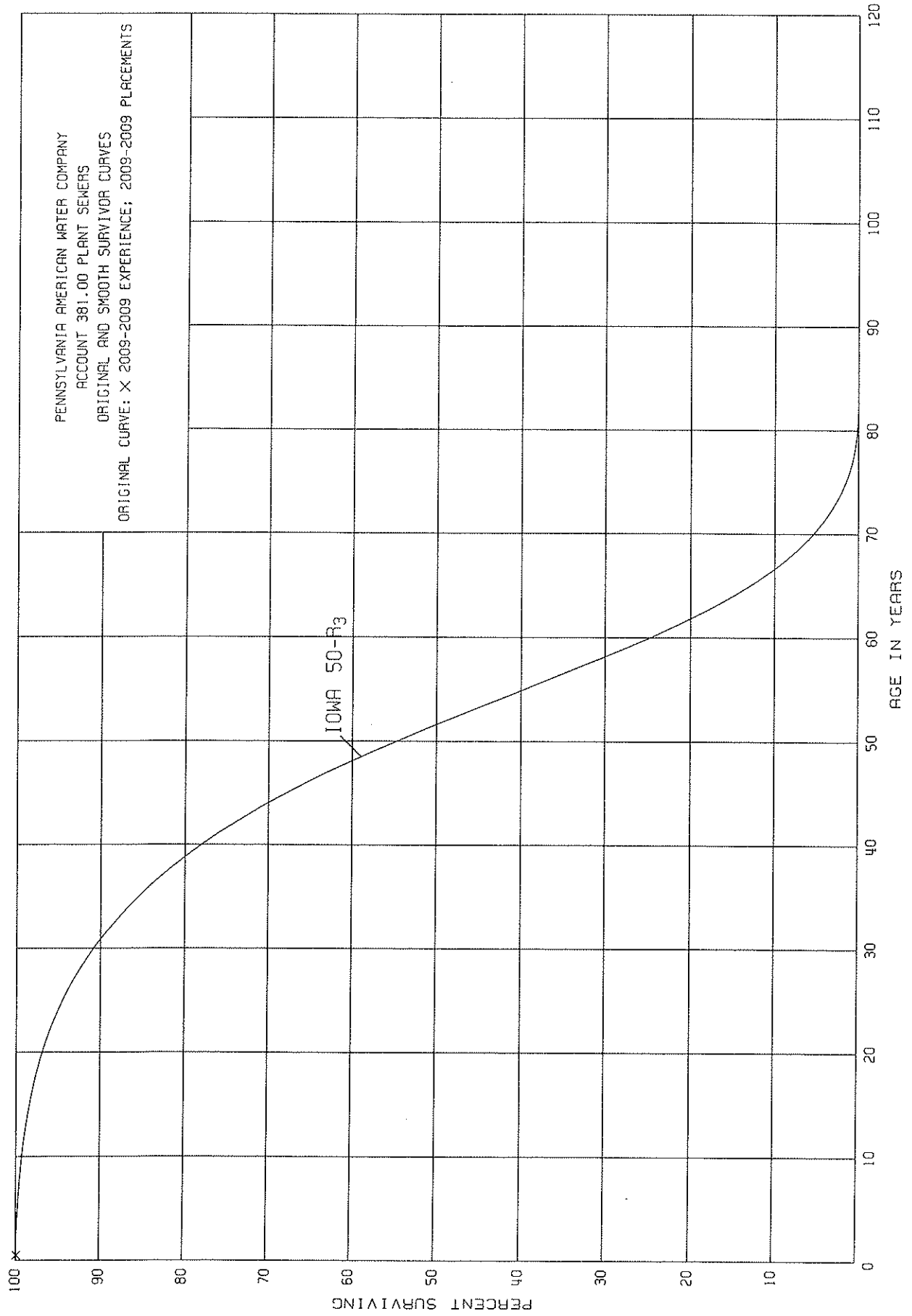
PLACEMENT BAND 1939-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,592,382		0.0000	1.0000	100.00
0.5	458,079		0.0000	1.0000	100.00
1.5	324,985		0.0000	1.0000	100.00
2.5	383,856		0.0000	1.0000	100.00
3.5	404,038	3,140	0.0078	0.9922	100.00
4.5	521,297		0.0000	1.0000	99.22
5.5	318,836		0.0000	1.0000	99.22
6.5	318,836		0.0000	1.0000	99.22
7.5	312,951	1,130	0.0036	0.9964	99.22
8.5	164,482		0.0000	1.0000	98.86
9.5	167,387		0.0000	1.0000	98.86
10.5	90,530	3,500	0.0387	0.9613	98.86
11.5	403,261		0.0000	1.0000	95.03
12.5	1,272,538		0.0000	1.0000	95.03
13.5	1,789,629		0.0000	1.0000	95.03
14.5	1,777,272		0.0000	1.0000	95.03
15.5	1,721,954	23,602	0.0137	0.9863	95.03
16.5	1,397,200		0.0000	1.0000	93.73
17.5	1,399,200	213,101	0.1523	0.8477	93.73
18.5	1,163,924	27,914	0.0240	0.9760	79.45
19.5	1,131,105		0.0000	1.0000	77.54
20.5	520,753		0.0000	1.0000	77.54
21.5	1,706,073		0.0000	1.0000	77.54
22.5	2,395,912		0.0000	1.0000	77.54
23.5	887,851		0.0000	1.0000	77.54
24.5	654,459	21,486	0.0328	0.9672	77.54
25.5	290		0.0000	1.0000	75.00
26.5	290		0.0000	1.0000	75.00
27.5	722		0.0000	1.0000	75.00
28.5	722		0.0000	1.0000	75.00
29.5	722		0.0000	1.0000	75.00
30.5	20,160		0.0000	1.0000	75.00
31.5	20,160		0.0000	1.0000	75.00
32.5	19,749		0.0000	1.0000	75.00
33.5	19,459		0.0000	1.0000	75.00
34.5	36,701		0.0000	1.0000	75.00
35.5	36,269		0.0000	1.0000	75.00
36.5	19,027		0.0000	1.0000	75.00
37.5	19,027		0.0000	1.0000	75.00
38.5	143,654		0.0000	1.0000	75.00

PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 380.00 TREATMENT EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1939-2009			EXPERIENCE BAND 2001-2009		
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	1.0000	75.00
40.5	407,195		0.0000	1.0000	75.00
41.5	407,195		0.0000	1.0000	75.00
42.5	165,801		0.0000	1.0000	75.00
43.5	165,801		0.0000	1.0000	75.00
44.5	165,801		0.0000	1.0000	75.00
45.5	165,801		0.0000	1.0000	75.00
46.5	22,147		0.0000	1.0000	75.00
47.5					75.00
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					
68.5	1,894		0.0000		
69.5	1,894		0.0000		
70.5					

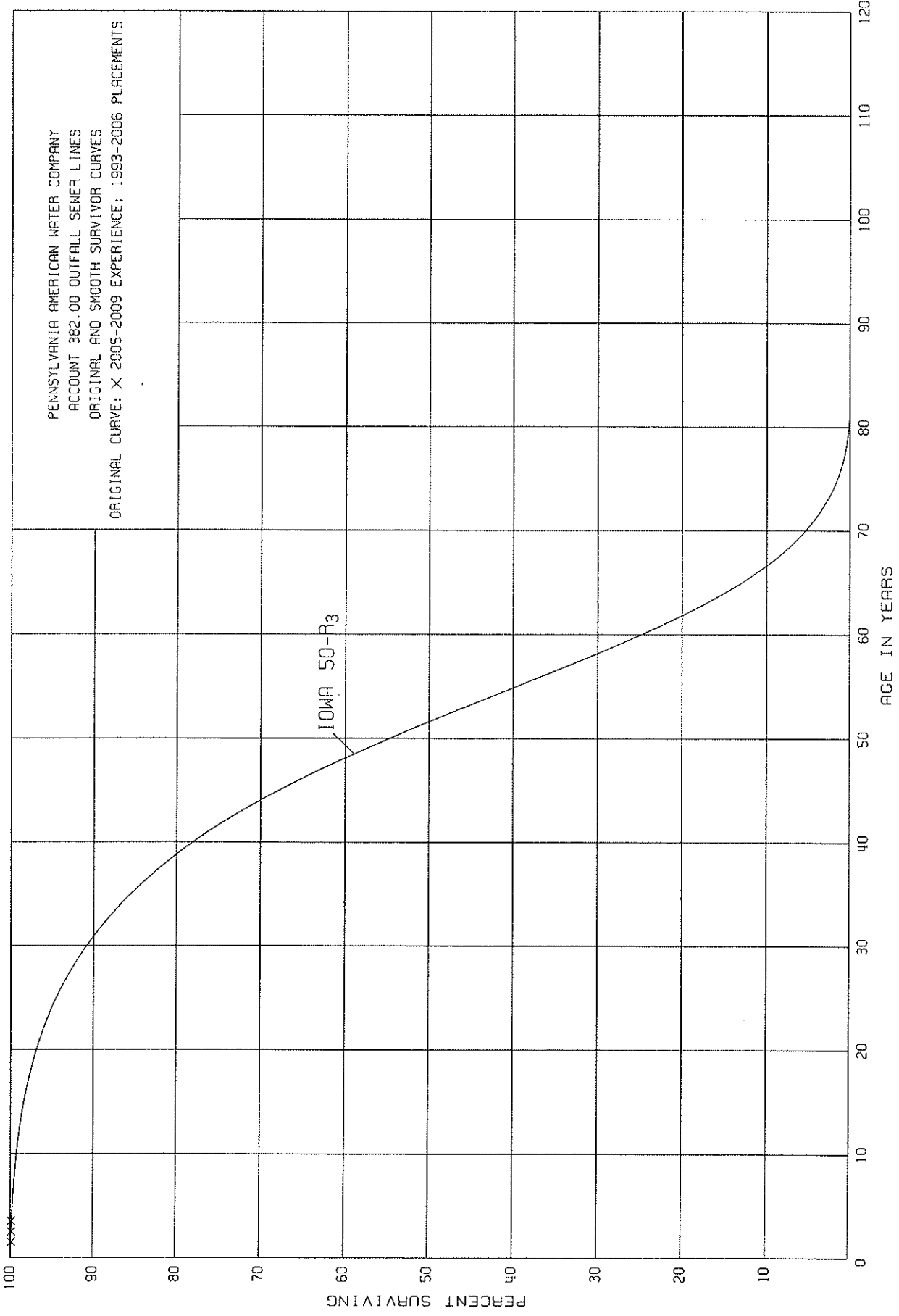


PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 381.00 PLANT SEWERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 2009-2009			EXPERIENCE BAND 2009-2009		
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	5,240,377		0.0000	1.0000	100.00
0.5					100.00



PENNSYLVANIA AMERICAN WATER COMPANY

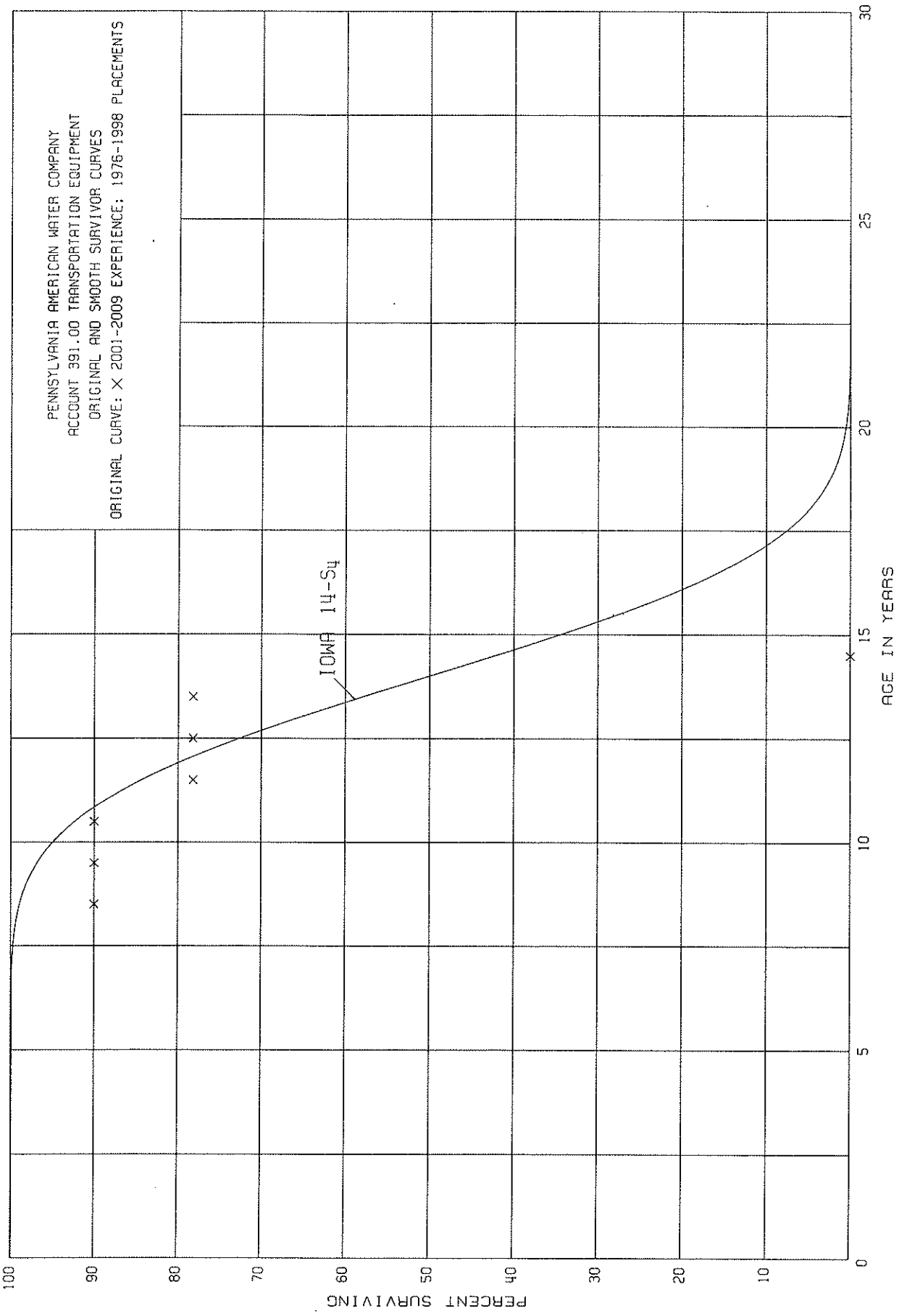
ACCOUNT 382.00 OUTFALL SEWER LINES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1993-2006

EXPERIENCE BAND 2005-2009

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					
0.5					
1.5	201,123		0.0000	1.0000	100.00
2.5	201,123		0.0000	1.0000	100.00
3.5					100.00
4.5					
5.5					
6.5					
7.5					
8.5					
9.5					
10.5					
11.5	32,729		0.0000		
12.5	32,729		0.0000		
13.5	32,729		0.0000		
14.5	32,729		0.0000		
15.5	32,729		0.0000		
16.5					



PENNSYLVANIA AMERICAN WATER COMPANY
ACCOUNT 391.00 TRANSPORTATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1976-1998		EXPERIENCE BAND 2001-2009			
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					
0.5					
1.5					
2.5					
3.5					
4.5					
5.5					
6.5					
7.5					
8.5	23,700		0.0000	1.0000	90.00
9.5	23,700		0.0000	1.0000	90.00
10.5	114,700	15,000	0.1308	0.8692	90.00
11.5	76,000		0.0000	1.0000	78.23
12.5	79,500		0.0000	1.0000	78.23
13.5	79,500	79,500	1.0000	0.0000	78.23
14.5					0.00
15.5					
16.5					
17.5					
18.5					
19.5					
20.5					
21.5					
22.5					
23.5					
24.5	14,155		0.0000		
25.5	14,155		0.0000		
26.5	14,155		0.0000		
27.5	5,000	5,000	1.0000		
28.5					

II-49

NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - SPP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S1.5						
NET SALVAGE PERCENT.. 0						
1967	13,500.00	12,332	9,971	3,529	4.12	857
1980	5,440.00	4,364	3,528	1,912	7.52	254
1986	477,288.22	342,645	277,045	200,243	9.63	20,794
1992	254,301.25	153,369	124,006	130,295	12.17	10,706
1994	51,294.00	28,525	23,064	28,230	13.17	2,144
2005	62,390.79	13,383	10,820	51,571	20.14	2,561
2010	226,375.00	4,550	3,679	222,696	24.44	9,112
	1,090,589.26	559,168	452,113	638,476		46,428

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 13.8 4.26

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TDP

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2017						
NET SALVAGE PERCENT.. 0						
1967	71,403.02	62,435	12,552	58,851	6.25	9,416
1973	37,173.54	31,783	6,390	30,784	6.36	4,840
1977	8,481.89	7,132	1,434	7,048	6.34	1,112
1980	2,414.86	1,996	401	2,014	6.40	315
1986	279,675.21	221,335	44,497	235,178	6.46	36,405
2005	44,122.00	20,265	4,075	40,047	6.48	6,180
2010	113,559.12	8,142	1,638	111,921	6.47	17,298
9999	22,539.00-	14,292-	2,875-	19,664-		3,059-
	534,290.64	338,796	68,112	466,179		72,507
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					6.4	13.57

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 354.70 STRUCTURES AND IMPROVEMENTS - GENERAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 35-S0						
NET SALVAGE PERCENT.. 0						
1939	3,802.00	3,802	3,802			
1972	450.26	348	254	196	11.25	17
2009	11,518.41	753	551	10,967	21.44	512
	15,770.67	4,903	4,607	11,163		529
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.1	3.35

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 355.00 POWER GENERATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-R2.5						
NET SALVAGE PERCENT.. 0						
1992	46,157.84	31,512	31,336	14,822	8.60	1,723
1994	20,325.00	12,778	12,706	7,619	9.75	781
	66,482.84	44,290	44,042	22,441		2,504
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.0	3.77

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 360.10 COLLECTION SEWERS - FORCE MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 65-S2.5						
NET SALVAGE PERCENT.. 0						
1986	60,859.88	24,752	22,451	38,409	35.74	1,075
1994	47,442.40	13,232	12,002	35,440	42.67	831
2005	22,061.12	2,063	1,871	20,190	53.32	379
	130,363.40	40,047	36,324	94,039		2,285
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.2	1.75

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 65-S1.5						
NET SALVAGE PERCENT.. 0						
1939	195,696.64	162,311	142,073	53,624	14.71	3,645
1955	38,563.18	28,251	24,728	13,835	20.26	683
1965	267,605.77	175,335	153,473	114,133	23.94	4,767
1968	34,915.79	21,962	19,224	15,692	25.07	626
1969	92,484.27	57,192	50,061	42,423	25.61	1,657
1974	69,444.88	39,292	34,393	35,052	28.01	1,251
1977	90,084.18	47,682	41,737	48,347	29.79	1,623
1985	509,593.28	217,036	189,974	319,619	34.38	9,297
1986	628,691.29	260,341	227,879	400,812	34.67	11,561
1990	176,713.83	62,680	54,865	121,849	37.30	3,267
1993	265,075.69	81,643	71,463	193,613	39.32	4,924
1994	79,765.88	23,164	20,276	59,490	40.32	1,475
1996	64,035.13	16,527	14,466	49,569	41.68	1,189
1997	72,041.10	17,412	15,241	56,800	42.36	1,341
2000	128,096.85	24,351	21,315	106,782	44.75	2,386
2001	164,169.52	28,385	24,845	139,325	45.45	3,065
2003	24,777.09	3,402	2,978	21,799	47.14	462
2004	81,420.38	9,689	8,481	72,939	48.14	1,515
2005	587,500.38	59,455	52,041	535,459	48.85	10,961
2009	1,121,234.83	31,170	27,284	1,093,951	52.55	20,817
2010	319,850.00	2,975	2,604	317,246	53.55	5,924
9999	103,411.93-	28,273-	24,748-	78,664-		1,903-
	4,908,348.03	1,341,982	1,174,653	3,733,695		90,533
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.2	1.84

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 361.20 MANHOLES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-R1.5						
NET SALVAGE PERCENT.. 0						
1939	43,633.20	40,871	36,178	7,455	4.83	1,543
1955	6,600.80	5,642	4,994	1,607	9.44	170
1965	50,344.20	39,399	34,875	15,469	12.64	1,224
1968	35,388.05	26,622	23,565	11,823	13.99	845
1969	21,473.32	15,953	14,121	7,352	14.36	512
1974	17,998.20	12,417	10,991	7,007	16.41	427
1977	18,683.36	12,142	10,748	7,935	18.05	440
1985	155,061.48	83,826	74,201	80,860	21.67	3,731
1986	107,241.42	56,227	49,771	57,470	22.23	2,585
1993	32,142.72	13,050	11,551	20,592	25.60	804
1994	26,074.29	10,112	8,951	17,123	26.05	657
1996	19,466.56	6,804	6,023	13,444	26.99	498
1997	22,729.04	7,519	6,656	16,073	27.31	589
1998	25,452.00	7,890	6,984	18,468	27.82	664
2000	40,520.28	10,936	9,680	30,840	28.41	1,086
2001	13,365.85	3,315	2,934	10,432	28.81	362
2003	7,620.55	1,555	1,376	6,245	29.26	213
2004	37,196.22	6,721	5,949	31,247	29.47	1,060
2005	146,808.52	23,020	20,378	126,431	29.59	4,273
9999	16,283.77-	7,554-	6,687-	9,597-		427-
	811,516.29	376,467	333,239	478,276		21,256
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					22.5	2.62

PENNSYLVANIA AMERICAN WATER COMPANY
CLARION WASTEWATER OPERATIONS

ACCOUNT 363.00 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S2.5						
NET SALVAGE PERCENT.. 0						
1939	9,188.59	9,001	6,858	2,331	1.49	1,564
1955	2,008.00	1,861	1,418	590	4.38	135
1965	19,970.57	17,446	13,293	6,678	6.58	1,015
1968	12,114.05	10,297	7,846	4,268	7.50	569
1969	8,677.94	7,311	5,571	3,107	7.76	400
1974	7,557.05	6,013	4,582	2,975	9.37	318
1977	6,343.44	4,824	3,676	2,667	10.55	253
1985	50,048.87	31,781	24,215	25,834	14.66	1,762
1986	22,541.13	13,917	10,604	11,937	15.18	786
1990	16,220.90	8,680	6,613	9,608	17.81	539
1993	8,794.04	4,094	3,119	5,675	20.09	282
1994	8,287.73	3,665	2,793	5,495	20.81	264
1996	6,570.89	2,573	1,960	4,611	22.54	205
1997	11,471.34	4,197	3,198	8,273	23.40	354
2000	12,854.03	3,698	2,818	10,036	26.00	386
2001	9,488.88	2,470	1,882	7,607	27.00	282
2003	856.89	177	135	722	28.86	25
2004	9,367.73	1,681	1,281	8,087	29.73	272
2005	41,737.63	6,336	4,827	36,911	30.73	1,201
2010	78,000.00	1,076	820	77,180	35.73	2,160
9999	6,405.30-	2,642-	2,013-	4,392-		239-
	335,694.40	138,456	105,496	230,200		12,533

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 18.4 3.73

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 364.00 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S0.5						
NET SALVAGE PERCENT.. 0						
1992	8,170.34	4,731	5,277	2,893	13.45	215
2005	220,321.54	50,410	56,231	164,091	18.54	8,851
2009	64,409.95	4,476	4,993	59,417	20.10	2,956
	292,901.83	59,617	66,501	226,401		12,022
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.8	4.10

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S0.5						
NET SALVAGE PERCENT.. 0						
2009	14,938.00	1,038	732	14,206	20.10	707
	14,938.00	1,038	732	14,206		707
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.1	4.73

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 371.00 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S0						
NET SALVAGE PERCENT.. 0						
1967	6,000.00	4,620	6,000			
1986	227,197.99	127,481	180,617	46,581	19.17	2,430
1992	138,328.57	65,001	92,094	46,235	20.87	2,215
1994	53,705.00	23,308	33,023	20,682	21.52	961
1997	20,713.00	7,803	11,056	9,657	22.34	432
2001	15,000.00	4,347	6,159	8,841	23.29	380
2005	64,831.05	12,020	17,030	47,801	24.17	1,978
2009	2,081.00	120	170	1,911	24.47	78
	527,856.61	244,700	346,149	181,708		8,474
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.4	1.61

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 380.00 TREATMENT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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-S1						
NET SALVAGE PERCENT.. 0						
1939	1,894.10	1,842	1,701	193	2.03	95
1967	241,393.78	195,312	180,342	61,052	10.26	5,950
1973	17,241.59	12,997	12,001	5,241	12.25	428
1977	410.70	292	270	141	13.67	10
1985	233,392.00	141,062	130,250	103,142	16.69	6,180
1986	1,508,061.04	886,740	818,772	689,289	17.17	40,145
1990	4,905.00	2,564	2,367	2,538	18.71	136
1991	17,931.00	9,021	8,330	9,601	19.26	498
1999	9,713.00	3,217	2,970	6,743	23.22	290
2006	33,243.64	4,654	4,297	28,947	27.65	1,047
2008	47,683.16	3,767	3,478	44,205	29.15	1,516
2009	56,219.50	2,676	2,471	53,749	30.04	1,789
9999	211,419.53-	123,046-	113,614-	97,806-		5,645-
	1,960,668.98	1,141,098	1,053,635	907,035		52,439
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.3	2.67

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 381.00 PLANT SEWERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 50-R3						
NET SALVAGE PERCENT.. 0						
2009	1,958.97	68	72	1,887	41.60	45
	1,958.97	68	72	1,887		45
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.9	2.30

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 382.00 OUTFALL SEWER LINES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 50-R3						
NET SALVAGE PERCENT.. 0						
2006	201,123.34	20,555	19,468	181,655	39.55	4,593
	201,123.34	20,555	19,468	181,655		4,593
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					39.6	2.28

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 389.10 OTHER PLANT AND MISC. EQUIPMENT - INTANGIBLE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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						
2010	498,868.00	12,472		498,868	19.50	25,583
	498,868.00	12,472		498,868		25,583
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.5	5.13

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 391.00 TRANSPORTATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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 14-S4						
NET SALVAGE PERCENT.. 0						
2010	63,000.00	2,325		63,000	13.05	4,828
	63,000.00	2,325		63,000		4,828
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.0	7.66

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 393.00 TOOLS, SHOP & GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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						
1975	4,182.60	4,183	4,183			
1980	767.26	767	767			
1985	1,234.51	1,235	1,235			
1990	22,073.00	22,073	22,073			
1991	1,522.51	1,484	1,523			
1995	27,707.00	21,473	24,425	3,282	4.50	729
1998	1,699.00	1,062	1,208	491	7.50	65
1999	13,148.00	7,560	8,600	4,548	8.50	535
	72,333.88	59,837	64,014	8,321		1,329
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					6.3	1.84

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 394.00 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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						
1986	350.78	351	351			
1990	695.33	695	695			
1995	3,457.59	3,458	3,458			
1996	1,529.00	1,478	1,529			
1997	2,676.00	2,408	2,676			
1998	2,621.00	2,184	2,621			
1999	2,938.00	2,253	2,753	185	3.50	53
2010	817.25	27	33	784	14.50	54
	15,084.95	12,854	14,116	969		107
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.1	0.71

PENNSYLVANIA AMERICAN WATER COMPANY
 CLARION WASTEWATER OPERATIONS

ACCOUNT 396.00 COMMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2010

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						
2010	60,829.00	2,026		60,829	14.50	4,195
	60,829.00	2,026		60,829		4,195
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.5	6.90

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EXPERIENCED AND ESTIMATED NET SALVAGE

PENNSYLVANIA AMERICAN WATER COMPANY

CLARION WASTEWATER OPERATIONS

SUMMARY OF REGULAR RETIREMENTS, SALVAGE AND COST OF REMOVAL
BY ACCOUNT FOR 2010

	<u>Account</u> (1)	<u>Regular</u> <u>Retirements</u> (2)	<u>Salvage</u> (3)	<u>Cost of</u> <u>Removal</u> (4)
354.4	Structures and Improvements - TDP	\$ 8,923.00	\$ -	\$ 133,773.01
361.1	Collection Sewers - Gravity Mains	800.00	-	5,136.39
363	Services	2,400.00	-	25,681.95
391	Transportation Equipment	19,000.00	-	6,621.65
394	Laboratory Equipment	695.00	-	-
	Total	<u>\$ 31,818.00</u>	<u>\$ -</u>	<u>\$ 171,213.00</u>

