

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF NORTHEAST 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 NORTHEAST WASTEWATER OPERATIONS
RESULTS OF STUDY

SUMMARY OF RESULTS

The results of the depreciation study of the Northeast 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 Northeast 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
NORTHEAST 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 DECEMBER 31, 2009 (3)	BOOK RESERVE (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE, PERCENT (8)
DEPRECIABLE PLANT							
354.20	STRUCTURES AND IMPROVEMENTS - COLLECTION	2,712.38	77	2,635	80	32.9	2.95
354.30	STRUCTURES AND IMPROVEMENTS - SPP	117,020.13	32,673	84,348	5,944	14.2	5.08
354.40	STRUCTURES AND IMPROVEMENTS - TDP	1,956,271.82	265,808	1,690,463	84,503	20.0	4.32
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	371,634.30	16,730	354,905	16,557	21.4	4.46
355.00	POWER GENERATION EQUIPMENT	84,619.01	42,444	42,175	2,988	14.1	3.53
360.10	COLLECTION SEWERS - FORCE MAINS	1,999,052.86	249,726	1,749,329	42,771	40.9	2.14
361.10	COLLECTION SEWERS - GRAVITY MAINS	93,010.81	2,914	90,096	1,741	51.7	1.87
361.20	MANHOLES	173,217.01	39,048	134,169	4,660	28.8	2.69
363.00	SERVICES	1,219,611.97	104,952	1,114,661	45,067	24.7	3.70
364.00	FLOW MEASURING DEVICES	33,726.80	4,168	29,559	1,484	19.9	4.40
371.00	PUMPING EQUIPMENT	574,943.95	52,357	522,587	21,601	24.2	3.76
380.00	TREATMENT EQUIPMENT	1,999,787.08	244,237	1,755,550	69,271	25.3	3.46
381.00	PLANT SEWERS	409,415.00	0	409,415	9,778	41.9	2.39
382.00	OUTFALL SEWER LINES	32,728.89	10,103	22,626	748	30.2	2.29
390.00	OFFICE FURNITURE AND EQUIPMENT	14,046.55	991	13,056	699	18.7	4.98
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	5,226.90	918	4,309	246	17.5	4.71
394.00	LABORATORY EQUIPMENT	53,549.37	2,290	51,259	3,685	13.9	6.88
396.00	COMMUNICATION EQUIPMENT	244,077.89	31,340	212,738	20,261	10.5	8.30
397.00	MISCELLANEOUS EQUIPMENT	9,878.52	419	9,560	500	19.1	5.01
TOTAL DEPRECIABLE PLANT		9,394,631.24	1,101,195	8,293,440	332,584	24.9	3.54
NONDEPRECIABLE PLANT							
353.20	LAND AND LAND RIGHTS - COLLECTION	3.00					
353.30	LAND AND LAND RIGHTS - SPP	2.00					
353.40	LAND AND LAND RIGHTS - TDP	3.00					
TOTAL NONDEPRECIABLE PLANT		8.00					
TOTAL WASTEWATER COMPANY		9,394,639.24					

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

DETAILED DEPRECIATION CALCULATIONS

NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 354.20 STRUCTURES AND IMPROVEMENTS - COLLECTION

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-R3						
NET SALVAGE PERCENT.. 0						
2008	2,712.38	118	77	2,635	33.10	80
	2,712.38	118	77	2,635		80
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.9	2.95

PENNSYLVANIA AMERICAN WATER COMPANY
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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						
1976	30,574.72	25,505	16,005	14,570	6.66	2,188
1978	11,146.44	9,059	5,685	5,461	7.26	752
1983	46,063.92	34,424	21,602	24,462	8.96	2,730
1989	19,958.16	12,889	8,088	11,870	11.24	1,056
1996	24,175.73	11,554	7,250	16,926	14.75	1,148
1999	11,157.00	4,323	2,713	8,444	16.60	509
2000	7,035.93	2,500	1,569	5,467	17.24	317
2003	44,606.81	11,223	7,043	37,564	19.34	1,942
2004	65,067.66	13,957	8,758	56,310	20.14	2,796
2009	23,150.04	465	292	22,858	24.44	935
9999	165,916.28-	73,833-	46,332-	119,584-		8,429-
	117,020.13	52,066	32,673	84,348		5,944
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.2	5.08

PENNSYLVANIA AMERICAN WATER COMPANY
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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)
BLUE MOUNTAIN LAKE						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2033						
NET SALVAGE PERCENT.. 0						
1993	288,124.22	122,654	82,445	205,679	22.26	9,240
2004	331,843.17	64,444	43,318	288,525	22.83	12,638
	619,967.39	187,098	125,763	494,204		21,878
LEHMAN PIKE						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2029						
NET SALVAGE PERCENT.. 0						
1989	170,785.29	89,628	60,296	110,489	18.56	5,953
1992	8,146.60	3,935	2,647	5,500	18.73	294
2004	1,459.25	326	219	1,240	19.13	65
2006	383,030.57	59,140	39,786	343,245	19.17	17,905
2007	2,913.31	336	226	2,687	19.15	140
2008	746,730.43	54,213	36,471	710,259	19.16	37,070
2009	23,238.98	595	400	22,839	19.07	1,198
	1,336,304.43	208,173	140,045	1,196,259		62,625
	1,956,271.82	395,271	265,808	1,690,463		84,503
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.0	4.32

PENNSYLVANIA AMERICAN WATER COMPANY
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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						
2007	2,875.51	300	210	2,666	21.42	124
2008	356,605.00	23,322	16,324	340,281	21.44	15,871
2009	12,153.79	280	196	11,958	21.29	562
	371,634.30	23,902	16,730	354,905		16,557
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.4	4.46

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1989	50,441.34	36,918	41,302	9,139	7.51	1,217
2007	1,386.52	165	185	1,202	18.51	65
2009	32,791.15	856	957	31,834	18.66	1,706
	84,619.01	37,939	42,444	42,175		2,988
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.1	3.53

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						
1976	311,479.84	166,953	71,219	240,261	29.00	8,285
1978	270,355.19	137,962	58,852	211,503	30.23	6,996
1979	73,749.33	36,668	15,642	58,107	30.85	1,884
1980	75,105.93	36,118	15,407	59,699	31.85	1,874
1981	35,032.78	16,374	6,985	28,048	32.48	864
1982	49,161.81	22,172	9,458	39,704	33.48	1,186
1983	154,254.94	67,456	28,775	125,480	34.10	3,680
1985	286,713.71	116,606	49,742	236,972	35.74	6,630
1986	32,740.74	12,772	5,448	27,293	36.74	743
1987	185,785.51	69,818	29,782	156,004	37.38	4,173
1988	71,960.69	25,841	11,023	60,938	38.38	1,588
1989	81,096.33	27,930	11,914	69,182	39.02	1,773
1991	75,459.60	23,453	10,004	65,456	41.02	1,596
1994	210,531.14	55,159	23,529	187,002	43.67	4,282
1996	60,061.76	13,706	5,847	54,215	45.67	1,187
1998	268,311.92	52,160	22,250	246,062	47.67	5,162
2000	376,098.71	60,740	25,910	350,189	49.32	7,100
2002	115,748.88	14,758	6,295	109,454	51.32	2,133
2004	614,520.25	57,458	24,510	590,010	53.32	11,065
2005	155,658.16	11,908	5,080	150,578	54.32	2,772
9999	1,504,774.36-	440,598-	187,946-	1,316,828-		32,202-
	1,999,052.86	585,414	249,726	1,749,329		42,771
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.9	2.14

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2006	28,780.20	1,865	1,383	27,397	50.55	542
2007	35,086.31	1,624	1,203	33,883	51.55	657
2008	9,262.43	257	191	9,071	52.55	173
2009	19,881.87	185	137	19,745	53.55	369
	93,010.81	3,931	2,914	90,096		1,741
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					51.7	1.87

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1996	8,658.32	2,864	2,654	6,004	27.31	220
1998	31,479.82	9,123	8,456	23,024	28.18	817
2000	92,971.61	23,057	21,370	71,602	28.81	2,485
2002	30,599.46	6,242	5,785	24,814	29.26	848
2004	16,987.72	2,664	2,469	14,519	29.59	491
9999	7,479.92-	1,819-	1,686-	5,794-		201-
	173,217.01	42,131	39,048	134,169		4,660
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					28.8	2.69

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1976	21,953.69	16,696	5,263	16,691	10.55	1,582
1977	20,889.92	15,615	4,923	15,967	10.98	1,454
1979	26,772.12	19,271	6,075	20,697	11.87	1,744
1980	31,993.34	22,559	7,112	24,881	12.34	2,016
1981	13,113.68	9,008	2,840	10,274	12.99	791
1982	17,179.12	11,527	3,634	13,545	13.48	1,005
1983	26,618.93	17,425	5,493	21,126	13.98	1,511
1984	27,648.13	17,557	5,535	22,113	14.66	1,508
1986	7,703.30	4,598	1,449	6,254	15.87	394
1987	68,062.85	39,361	12,408	55,655	16.41	3,392
1988	39,477.36	21,985	6,931	32,546	17.11	1,902
1989	18,787.31	10,053	3,169	15,618	17.81	877
1990	19,078.71	9,785	3,085	15,994	18.52	864
1991	28,656.56	14,050	4,429	24,228	19.23	1,260
1992	15,346.10	7,144	2,252	13,094	20.09	652
1993	15,834.35	7,002	2,207	13,627	20.81	655
1994	30,116.81	12,559	3,959	26,158	21.67	1,207
1995	8,086.05	3,166	998	7,088	22.54	314
1996	63,215.62	23,131	7,292	55,924	23.40	2,390
1997	8,507.31	2,892	912	7,595	24.26	313
1998	141,577.83	44,455	14,014	127,564	25.13	5,076
2000	144,271.77	37,554	11,844	132,428	27.00	4,905
2002	52,806.09	10,894	3,436	49,370	28.86	1,711
2004	485,752.35	73,737	23,256	462,496	30.73	15,050
2005	31,680.05	3,935	1,241	30,439	31.73	959
2006	58,890.63	5,689	1,794	57,097	32.73	1,744
2007	66,381.88	4,580	1,444	64,938	33.73	1,925
2008	176,405.80	7,303	2,303	174,103	34.73	5,013
2009	71,469.95	986	311	71,159	35.73	1,992
9999	518,665.64-	141,596-	44,657-	474,009-		19,139-
	1,219,611.97	332,921	104,952	1,114,660		45,067

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 24.7 3.70

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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	4,907.80	2,740	3,331	1,577	13.85	114
2009	28,819.00	689	837	27,982	20.42	1,370
	33,726.80	3,429	4,168	29,559		1,484
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.9	4.40

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1993	26,183.11	11,363	11,786	14,397	21.52	669
2003	25.11	5	5	20	23.99	1
2004	161,973.27	30,030	31,149	130,824	24.17	5,413
2005	1,699.04	265	275	1,424	24.32	59
2007	9,425.85	875	908	8,518	24.45	348
2008	9,336.84	540	560	8,777	24.47	359
2009	366,300.73	7,399	7,674	358,627	24.31	14,752
	574,943.95	50,477	52,357	522,587		21,601
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					24.2	3.76

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1989	455,924.82	238,357	127,561	328,364	18.71	17,550
1993	314,637.37	140,171	75,015	239,622	20.54	11,666
1994	53,867.00	22,797	12,200	41,667	21.13	1,972
2004	209,260.74	35,574	19,038	190,223	26.86	7,082
2005	4,031.86	564	302	3,730	27.65	135
2006	3,164.31	348	186	2,978	28.35	105
2007	11,470.84	906	485	10,986	29.15	377
2008	81,877.10	3,897	2,085	79,792	30.04	2,656
2009	865,553.04	13,762	7,365	858,188	30.95	27,728
	1,999,787.08	456,376	244,237	1,755,550		69,271
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					25.3	3.46

PENNSYLVANIA AMERICAN WATER COMPANY
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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	409,415.00	4,831		409,415	41.87	9,778
	409,415.00	4,831		409,415		9,778
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.9	2.39

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1993	32,728.89	11,557	10,103	22,626	30.23	748
	32,728.89	11,557	10,103	22,626		748
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					30.2	2.29

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 390.00 OFFICE FURNITURE AND 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						
2007	2,253.64	282	299	1,955	17.50	112
2008	7,158.52	537	569	6,590	18.50	356
2009	4,634.39	116	123	4,511	19.50	231
	14,046.55	935	991	13,056		699
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.7	4.98

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2007	5,226.90	653	918	4,309	17.50	246
	5,226.90	653	918	4,309		246
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.5	4.71

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2007	7,843.58	1,308	783	7,061	12.50	565
2008	14,876.48	1,488	892	13,984	13.50	1,036
2009	30,829.31	1,027	615	30,214	14.50	2,084
	53,549.37	3,823	2,290	51,259		3,685
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.9	6.88

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 396.00 COMMUNICATION 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						
2005	244,077.89	73,223	31,340	212,738	10.50	20,261
	244,077.89	73,223	31,340	212,738		20,261
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					10.5	8.30

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 397.00 MISCELLANEOUS 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						
2008	3,708.52	278	268	3,441	18.50	186
2009	6,270.00	157	151	6,119	19.50	314
	9,978.52	435	419	9,560		500
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.1	5.01

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

DEPRECIATION STUDY
OF NORTHEAST 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 Northeast 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 NORTHEAST 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 Northeast 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 390, 393, 394, 396, and 397 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 Northeast Wastewater Operations since acquisition of the Lehman Pike System and the Blue Mountain System in 2002 and 2005, respectively.

The book reserve activity subsequent to the 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 390, 393, 394, 396, and 397; amounts capitalized in these accounts are amortized rather than depreciated. Amortization as defined in the Uniform System of Accounts is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

The primary reasons for the amortization of certain general plant accounts is that the effort required to unitize additions, periodically inventory equipment and determine amounts to be retired for equipment recorded in these accounts is disproportionate to the original cost of the equipment when compared to other 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>
390	Office Furniture and Equipment	20
393	Tools, Shop and Garage Equipment	20
394	Laboratory Equipment	15
396	Communication Equipment	15
397	Miscellaneous Equipment	20

NET SALVAGE

Experienced net salvage is incorporated in the results of the study as it was reported on the Company's books and records for the period January 1, 2006 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-70.

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 of 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-70.

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
NORTHEAST 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								
354.20	STRUCTURES AND IMPROVEMENTS - COLLECTION	40-R3	2,712.38	157	2,555	79	32.3	2.91
354.30	STRUCTURES AND IMPROVEMENTS - SPP	30-S1.5	117,020.13	(23,998)	141,019	12,036	11.7	10.29
354.40	STRUCTURES AND IMPROVEMENTS - TDP	65-R3	3,359,961.82	253,048	3,106,913	152,882	20.3	4.55
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	35-S0	411,067.30	34,184	376,884	17,606	21.4	4.28
355.00	POWER GENERATION EQUIPMENT	25-R2.5	84,619.01	43,418	41,201	3,069	13.4	3.63
360.10	COLLECTION SEWERS - FORCE MAINS	65-S2.5	2,009,052.86	289,593	1,719,462	42,821	40.2	2.13
361.10	COLLECTION SEWERS - GRAVITY MAINS	65-S1.5	109,210.81	1,394	107,817	2,102	51.3	1.92
361.20	MANHOLES	45-R1.5	173,217.01	43,708	129,509	4,547	28.5	2.63
363.00	SERVICES	40-S2.5	1,269,611.97	149,594	1,120,018	46,036	24.3	3.63
364.00	FLOW MEASURING DEVICES	30-S0.5	33,726.80	5,652	28,075	1,436	19.6	4.26
371.00	PUMPING EQUIPMENT	40-S0	629,598.95	75,002	554,597	22,867	24.3	3.63
380.00	TREATMENT EQUIPMENT	40-S1	2,462,394.07	(880,246)	3,342,640	122,755	27.2	4.99
381.00	PLANT SEWERS	50-R3	552,905.00	11,500	541,405	12,993	41.7	2.35
382.00	OUTFALL SEWER LINES	20-SQ	24,096.89	(47,762)	71,859	1,716	41.9	7.12
390.00	OFFICE FURNITURE AND EQUIPMENT	20-SQ	14,046.55	1,691	12,356	699	17.7	4.98
391.00	TRANSPORTATION EQUIPMENT	14-S4	22,500.00	0	22,500	1,724	13.1	7.66
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	5,226.90	1,164	4,063	246	16.5	4.71
394.00	LABORATORY EQUIPMENT	15-SQ	74,900.37	6,709	68,191	5,103	13.4	6.81
396.00	COMMUNICATION EQUIPMENT	15-SQ	244,077.89	51,598	192,480	20,261	9.5	8.30
397.00	MISCELLANEOUS EQUIPMENT	20-SQ	9,978.52	919	9,060	500	18.1	5.01
TOTAL DEPRECIABLE PLANT			11,609,925.23	17,325	11,592,604	471,478	24.6	4.06
NONDEPRECIABLE PLANT								
353.20	LAND AND LAND RIGHTS - COLLECTION		3.00					
353.30	LAND AND LAND RIGHTS - SPP		2.00					
353.40	LAND AND LAND RIGHTS - TDP		3.00					
TOTAL NONDEPRECIABLE PLANT			8.00					
AMORTIZATION OF NET SALVAGE								
TOTAL WASTEWATER COMPANY			11,609,933.23	17,325	11,592,604	139,088		
						610,566		

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

PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST WASTEWATER OPERATIONS

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

DEPRECIABLE GROUP (1)	BOOK RESERVE AS OF		DEPRECIATION ACCRUALS	PROJECTED RETIREMENTS	PROJECTED GROSS SALVAGE	PROJECTED COST OF REMOVAL	BOOK RESERVE AS OF DECEMBER 31, 2010
	DECEMBER 31, 2009 (2)	DECEMBER 31, 2010 (7)					
			(3)	(4)	(5)	(6)	=
DEPRECIABLE PLANT							
354.20 STRUCTURES AND IMPROVEMENTS - COLLECTION	77	80.02					157
354.30 STRUCTURES AND IMPROVEMENTS - SPP	32,673	5,944.62				62,616	(23,998)
354.40 STRUCTURES AND IMPROVEMENTS - TDP							
BLUE MOUNTAIN	125,763	46,659.98		57,625		64,468	50,330
LEHMAN PIKE	140,045	62,672.68					202,718
354.70 STRUCTURES AND IMPROVEMENTS - GENERAL	16,730	17,454.25					34,184
355.00 POWER GENERATION EQUIPMENT	42,444	2,987.05				2,013	43,418
360.10 COLLECTION SEWERS - FORCE MAINS	249,726	42,886.73				3,019	289,593
361.10 COLLECTION SEWERS - GRAVITY MAINS	2,914	1,890.77		1,800		1,610	1,394
361.20 MANHOLES	39,048	4,659.54					43,708
363.00 SERVICES	104,952	46,050.64				1,409	149,594
364.00 FLOW MEASURING DEVICES	4,168	1,483.98					5,652
371.00 PUMPING EQUIPMENT	52,357	22,645.41					75,002
380.00 TREATMENT EQUIPMENT	244,237	77,195.73		667,162		534,517	(880,246)
381.00 PLANT SEWERS	0	11,499.72					11,500
382.00 OUTFALL SEWER LINES	10,103	650.66					(47,762)
390.00 OFFICE FURNITURE AND EQUIPMENT	991	699.52		32,729		25,787	1,691
391.00 TRANSPORTATION EQUIPMENT	0	0.00					0
393.00 TOOLS, SHOP AND GARAGE EQUIPMENT	918	246.19					1,164
394.00 LABORATORY EQUIPMENT	2,290	4,418.67					6,709
396.00 COMMUNICATION EQUIPMENT	31,340	20,258.46					51,598
397.00 MISCELLANEOUS EQUIPMENT	419	499.92					919
TOTAL DEPRECIABLE PLANT	1,101,195	370,885		759,316	0	695,439	17,325

PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST 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					
354.20	STRUCTURES AND IMPROVEMENTS - COLLECTION	2,712.38	2,712.38	2.95	80.02
354.30	STRUCTURES AND IMPROVEMENTS - SPP	117,020.13	117,020.13	5.08	5,944.62
354.40	STRUCTURES AND IMPROVEMENTS - TDP				
	BLUE MOUNTAIN	619,967.39	2,023,657.39	3.53	46,659.98
	LEHMAN PIKE	1,336,304.43	1,336,304.43	4.69	62,672.68
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	371,634.30	411,067.30	4.46	17,454.25
355.00	POWER GENERATION EQUIPMENT	84,619.01	84,619.01	3.53	2,987.05
360.10	COLLECTION SEWERS - FORCE MAINS	1,999,052.86	2,009,052.86	2.14	42,886.73
361.10	COLLECTION SEWERS - GRAVITY MAINS	93,010.81	109,210.81	1.87	1,890.77
361.20	MANHOLES	173,217.01	173,217.01	2.69	4,659.54
363.00	SERVICES	1,219,611.97	1,269,611.97	3.70	46,050.64
364.00	FLOW MEASURING DEVICES	33,726.80	33,726.80	4.40	1,483.98
371.00	PUMPING EQUIPMENT	574,943.95	629,598.95	3.76	22,645.41
380.00	TREATMENT EQUIPMENT	1,999,787.08	2,462,394.07	3.46	77,195.73
381.00	PLANT SEWERS	409,415.00	552,905.00	2.39	11,499.72
382.00	OUTFALL SEWER LINES	32,728.89	24,096.89	2.29	650.66
390.00	OFFICE FURNITURE AND EQUIPMENT	14,046.55	14,046.55	4.98	699.52
391.00	TRANSPORTATION EQUIPMENT	0.00	22,500.00	0.00	0.00
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	5,226.90	5,226.90	4.71	246.19
394.00	LABORATORY EQUIPMENT	53,549.37	74,900.37	6.88	4,418.67
396.00	COMMUNICATION EQUIPMENT	244,077.89	244,077.89	8.30	20,258.46
397.00	MISCELLANEOUS EQUIPMENT	9,978.52	9,978.52	5.01	499.92
TOTAL DEPRECIABLE PLANT		9,394,631.24	11,609,925.23		370,884.54
NONDEPRECIABLE PLANT					
353.20	LAND AND LAND RIGHTS - COLLECTION	3.00	3.00		
353.30	LAND AND LAND RIGHTS - SPP	2.00	2.00		
353.40	LAND AND LAND RIGHTS - TDP	3.00	3.00		
TOTAL NONDEPRECIABLE PLANT		8.00	8.00		
TOTAL WASTEWATER COMPANY		9,394,639.24	11,609,933.23		

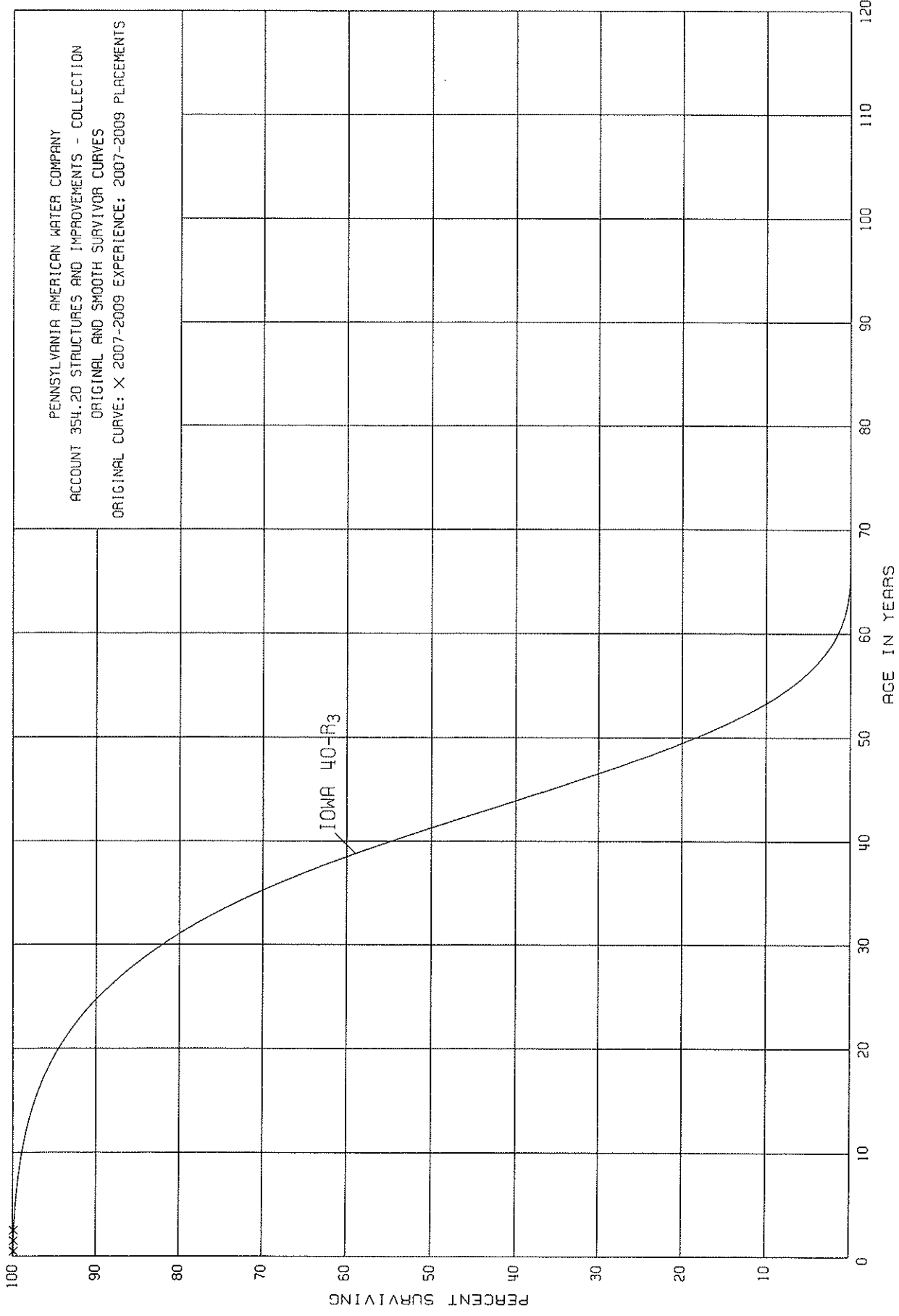
PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST WASTEWATER OPERATIONS

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)		
354.30											(62,616.00)	(12,523.20)
354.40											(64,467.50)	(12,893.50)
355.00											(2,012.90)	(402.59)
360.10											(3,019.35)	(603.87)
361.10											(1,610.32)	(322.06)
363.00											(1,409.03)	(281.81)
380.00											(534,516.90)	(106,903.38)
382.00											(25,787.00)	(5,157.40)
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	695,439.00	(695,439.00)	(139,087.80)

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

SERVICE LIFE STATISTICS

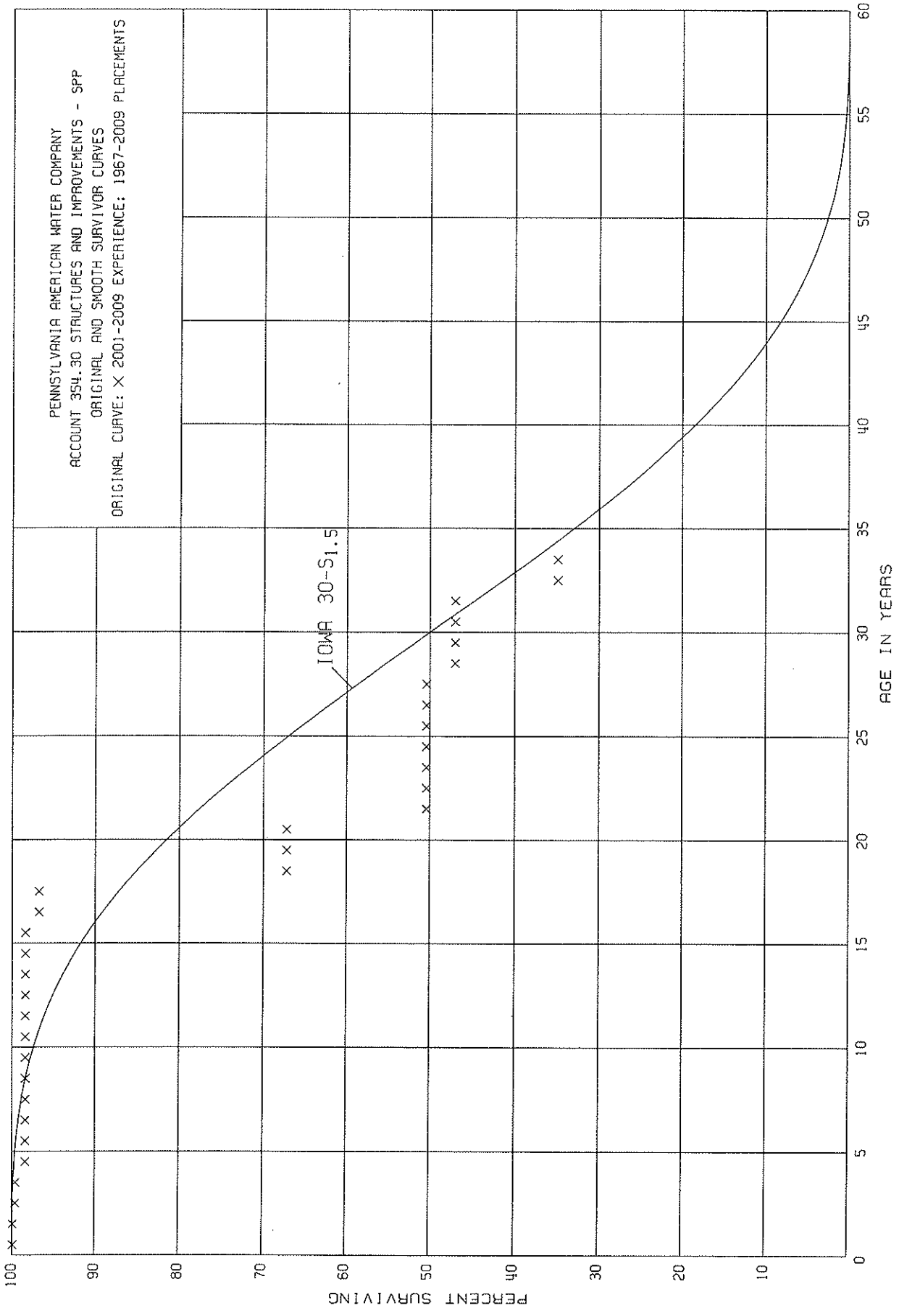


PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.20 STRUCTURES AND IMPROVEMENTS - COLLECTION

ORIGINAL LIFE TABLE

PLACEMENT BAND 2007-2009			EXPERIENCE BAND 2007-2009		
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	169,885		0.0000	1.0000	100.00
0.5	138,723		0.0000	1.0000	100.00
1.5	20,659		0.0000	1.0000	100.00
2.5					100.00



PENNSYLVANIA AMERICAN WATER COMPANY

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - SPP

ORIGINAL LIFE TABLE

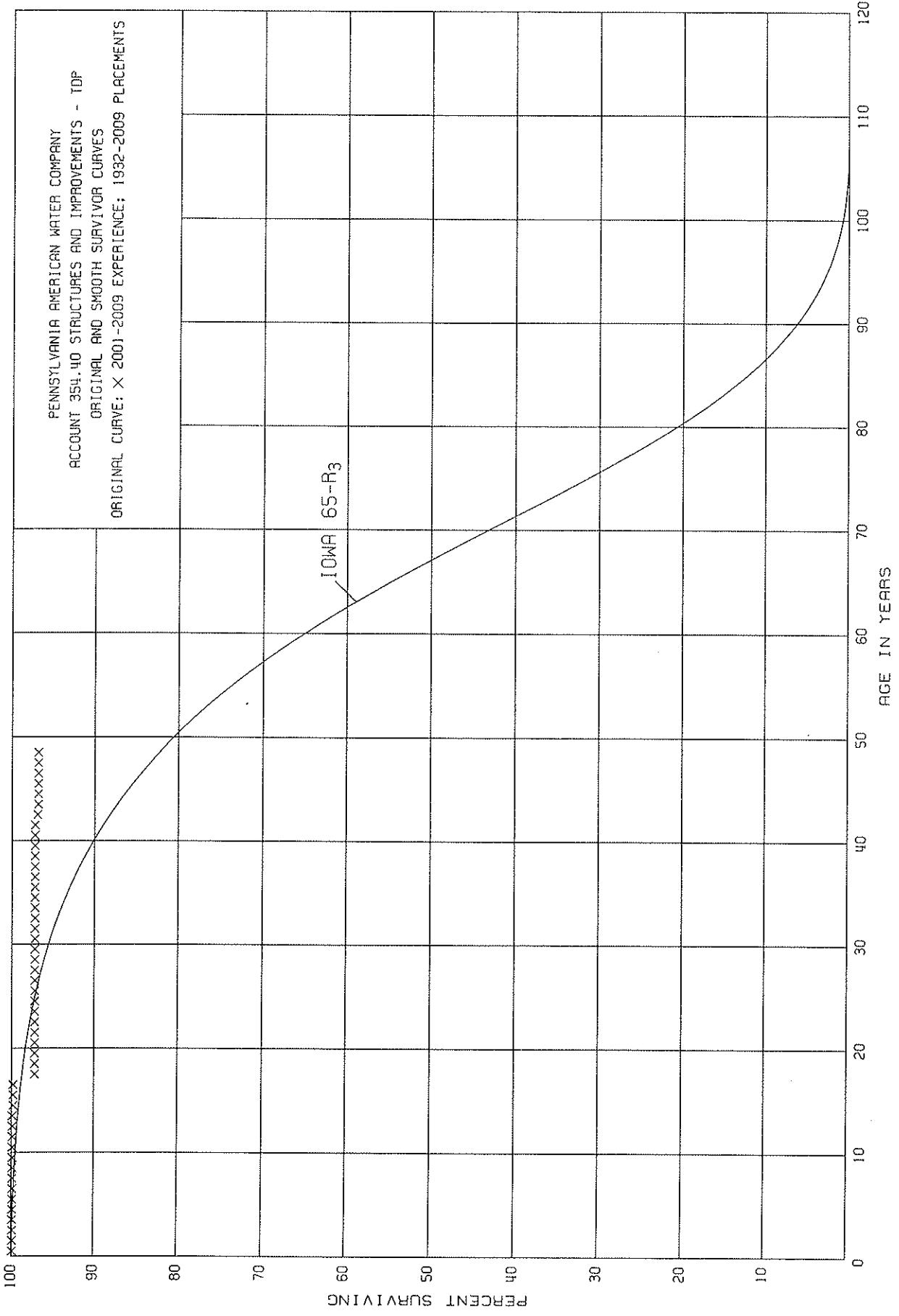
PLACEMENT BAND 1967-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,411,273		0.0000	1.0000	100.00
0.5	1,824,695		0.0000	1.0000	100.00
1.5	1,774,451	6,642	0.0037	0.9963	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

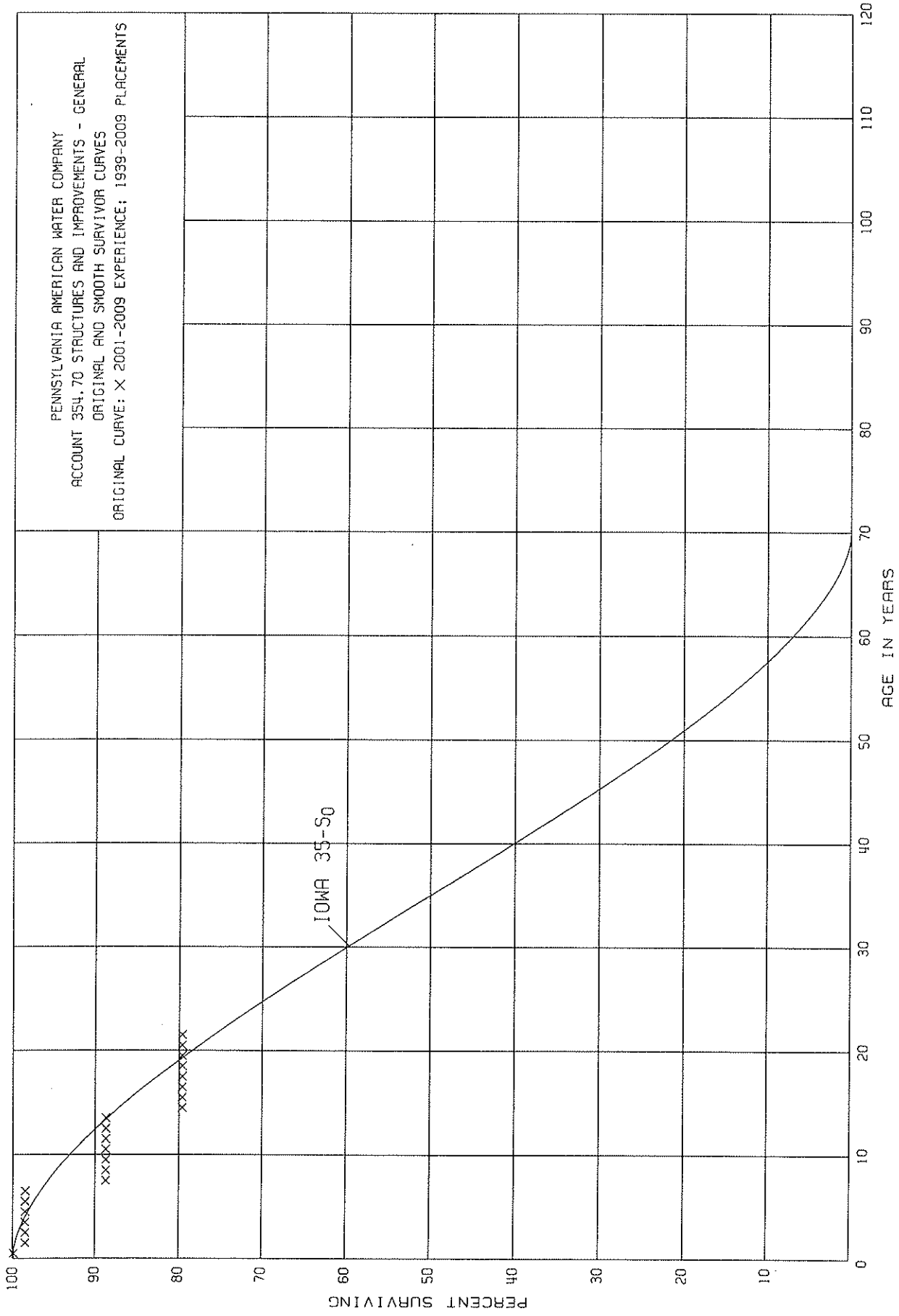
PLACEMENT BAND 1932-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	24,775,112		0.0000	1.0000	100.00
0.5	3,510,948		0.0000	1.0000	100.00
1.5	810,943		0.0000	1.0000	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

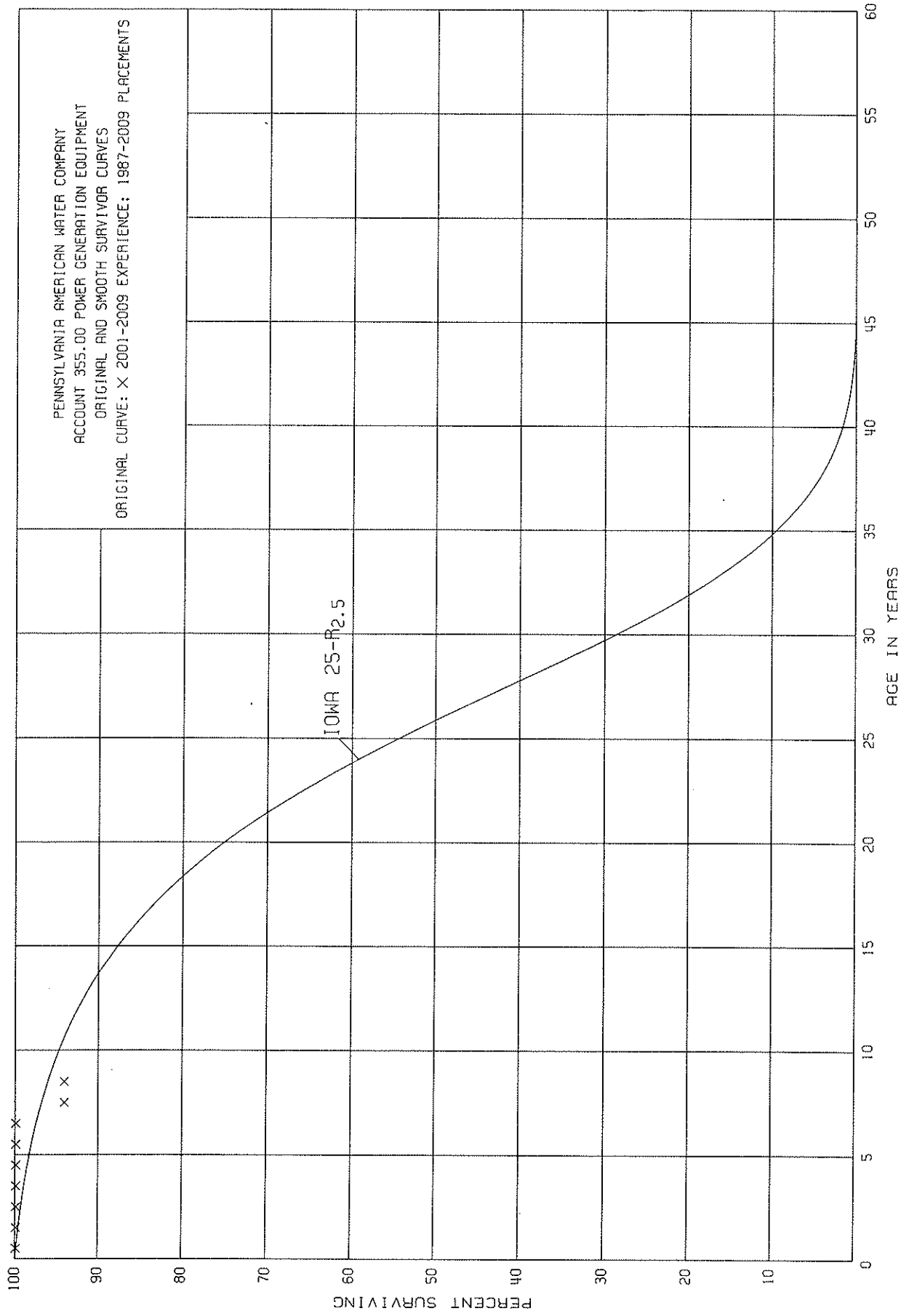
ACCOUNT 354.70 STRUCTURES AND IMPROVEMENTS - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1939-2009

EXPERIENCE BAND 2001-2009

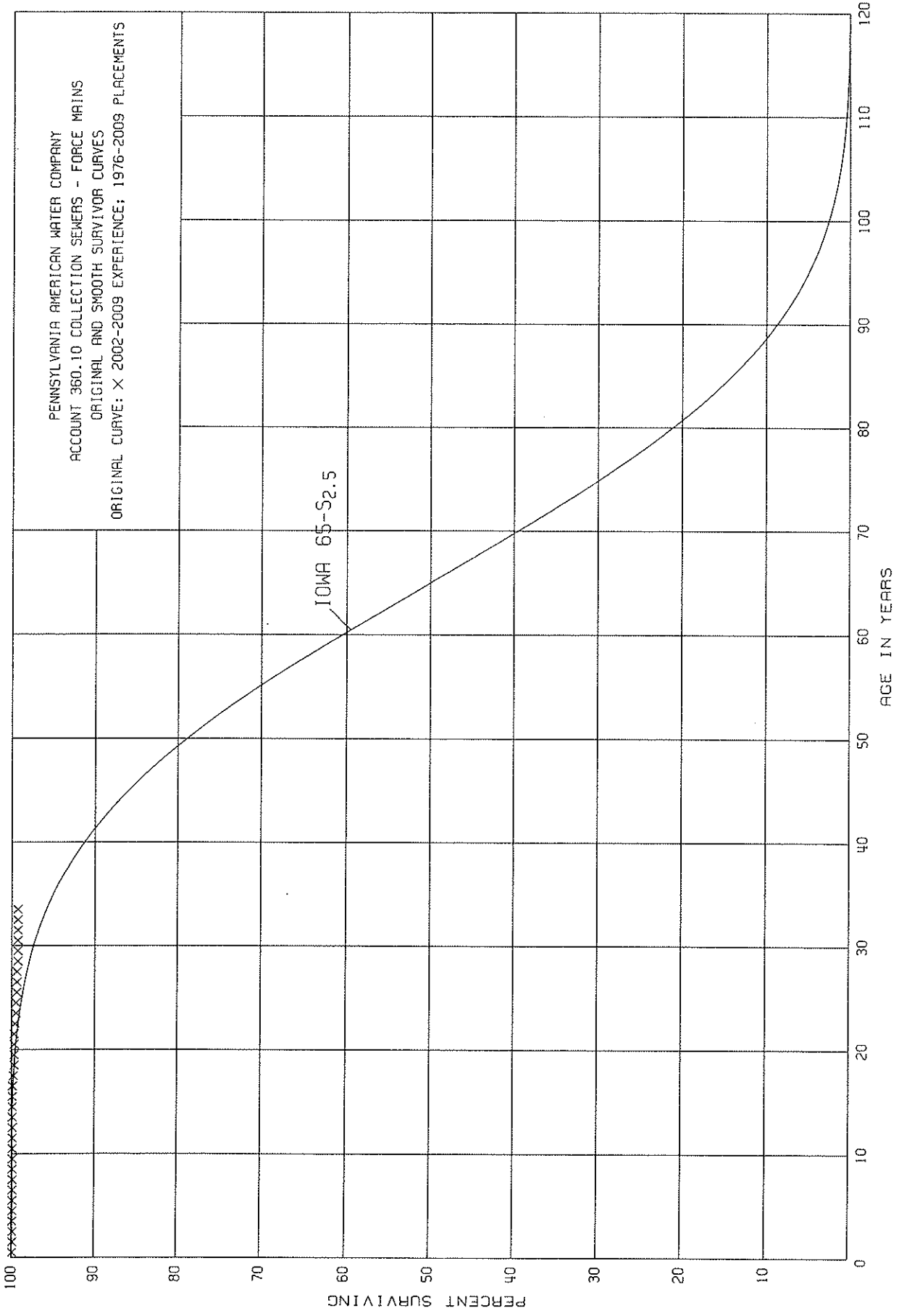
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					
40.5					
41.5					
42.5					
43.5					
44.5					
45.5					
46.5					
47.5					
48.5					
49.5					
50.5					
51.5					
52.5					
53.5					
54.5					
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	3,802			0.0000	
70.5					



PENNSYLVANIA AMERICAN WATER COMPANY
ACCOUNT 355.00 POWER GENERATION EQUIPMENT

ORIGINAL LIFE TABLE

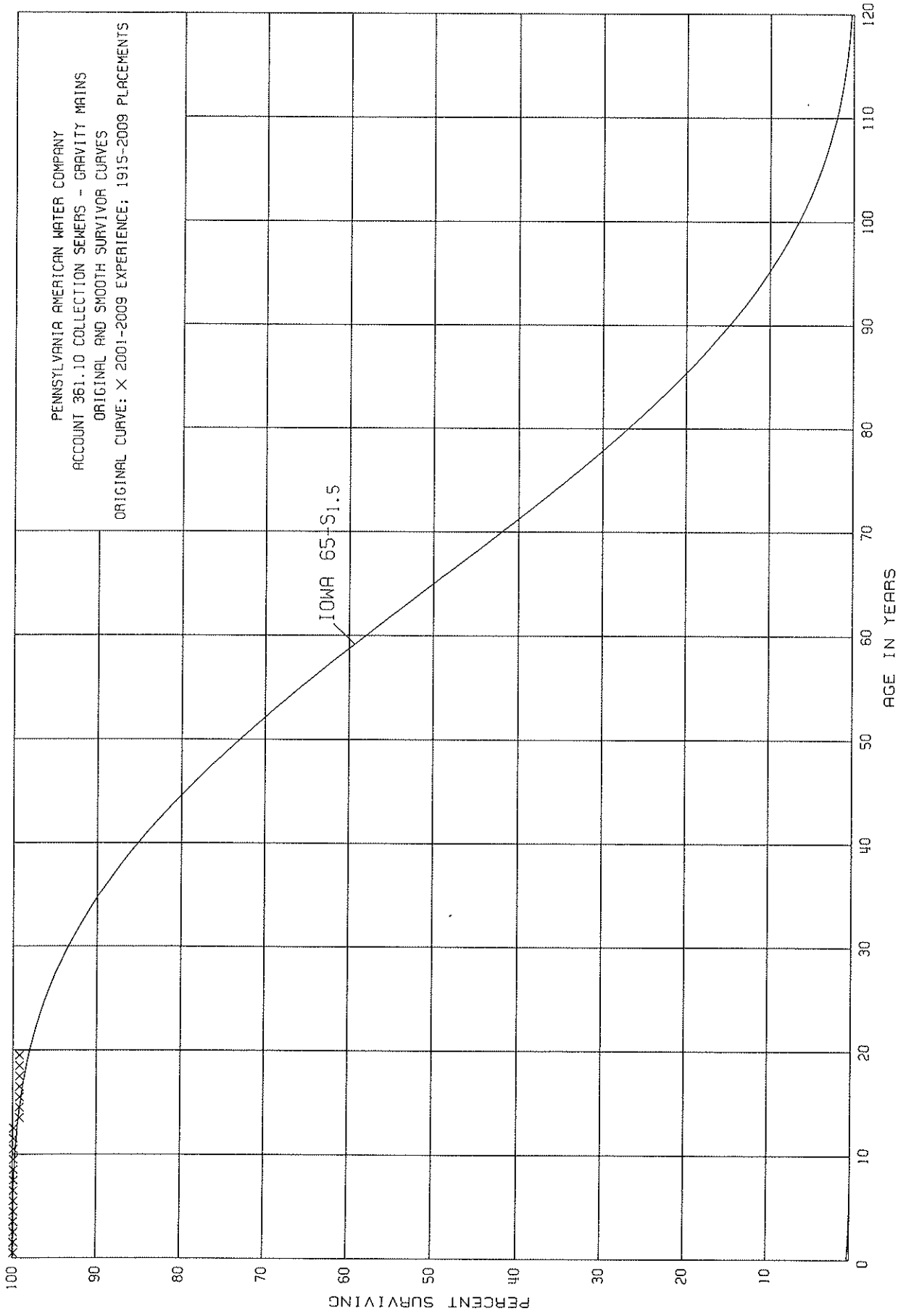
PLACEMENT BAND 1987-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	92,898		0.0000	1.0000	100.00
0.5	54,491		0.0000	1.0000	100.00
1.5	6,349		0.0000	1.0000	100.00
2.5	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

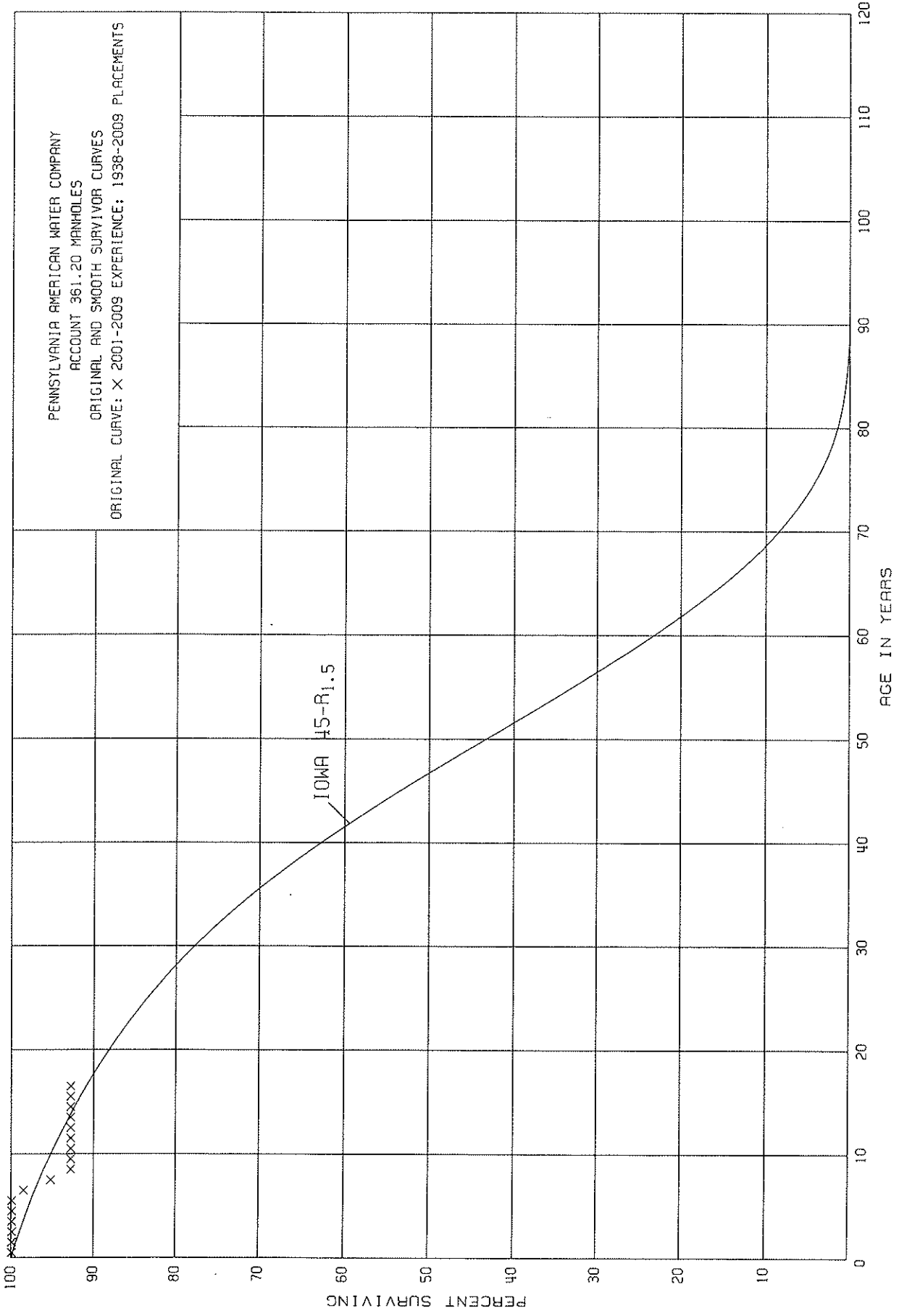
ACCOUNT 361.10 COLLECTION SEWERS - GRAVITY MAINS

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

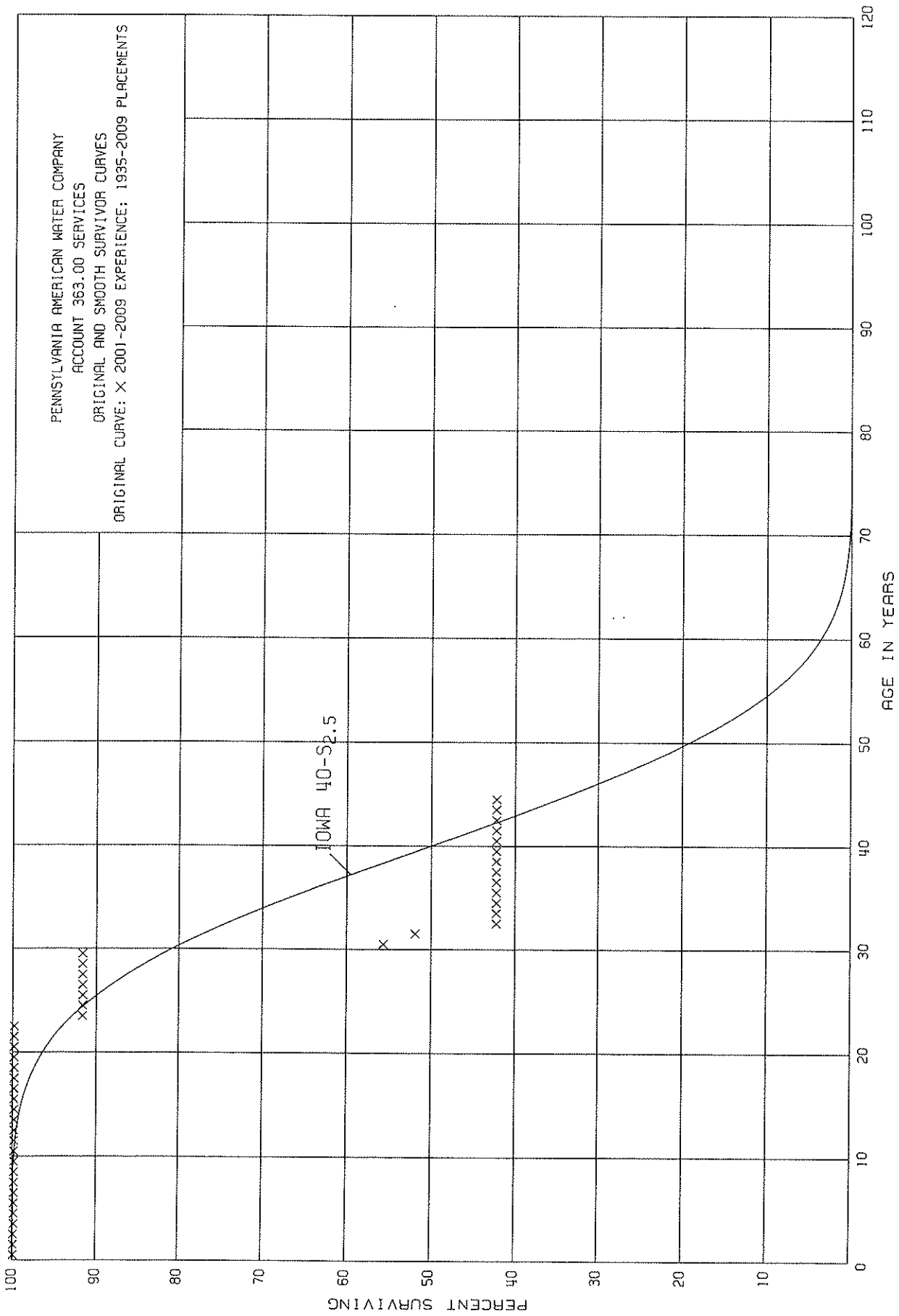
PLACEMENT BAND 1938-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	596,511		0.0000	1.0000	100.00
0.5	504,350		0.0000	1.0000	100.00
1.5	387,333		0.0000	1.0000	100.00
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

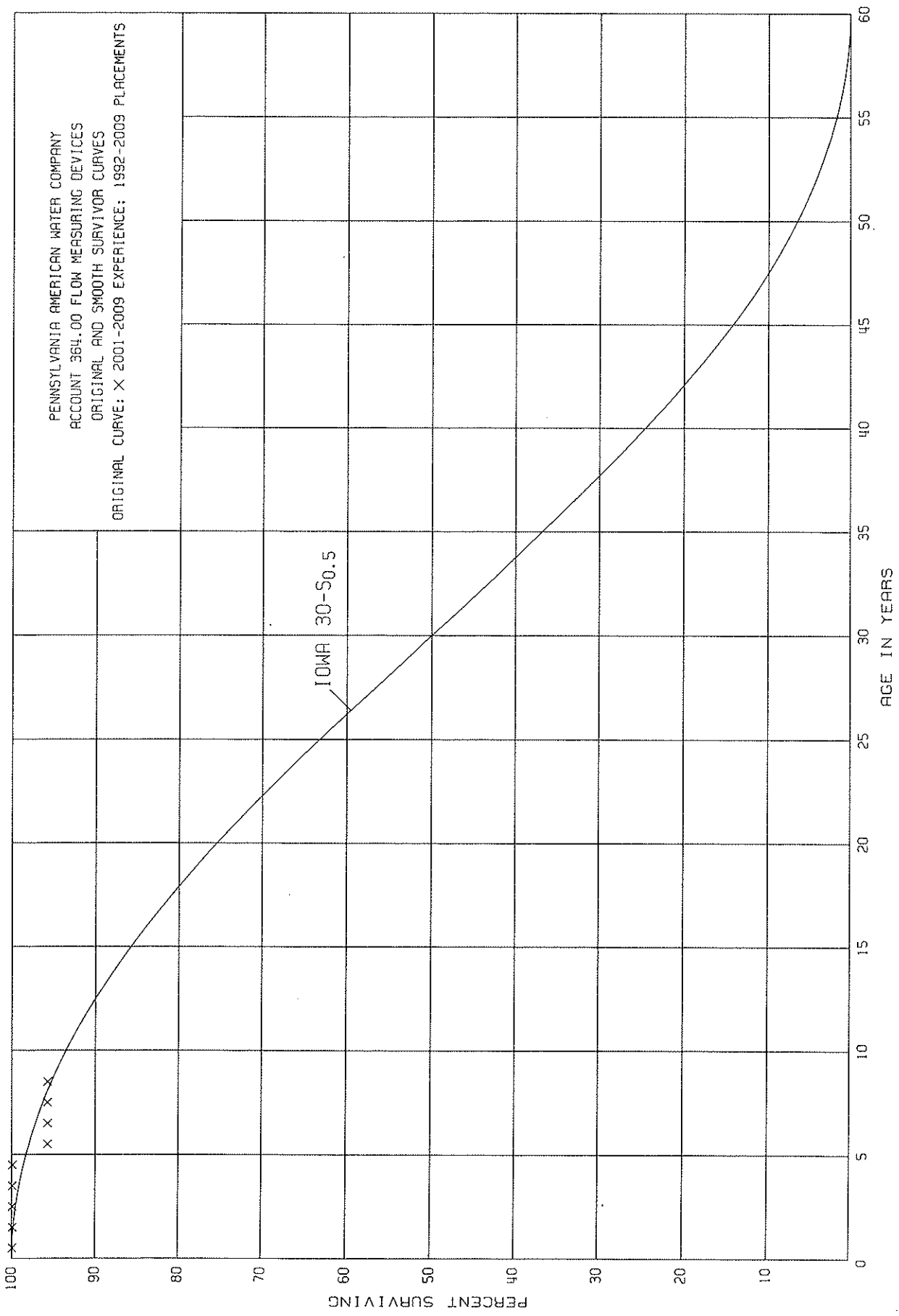
PLACEMENT BAND 1935-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,758,845		0.0000	1.0000	100.00
0.5	2,749,360		0.0000	1.0000	100.00
1.5	2,564,208		0.0000	1.0000	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.

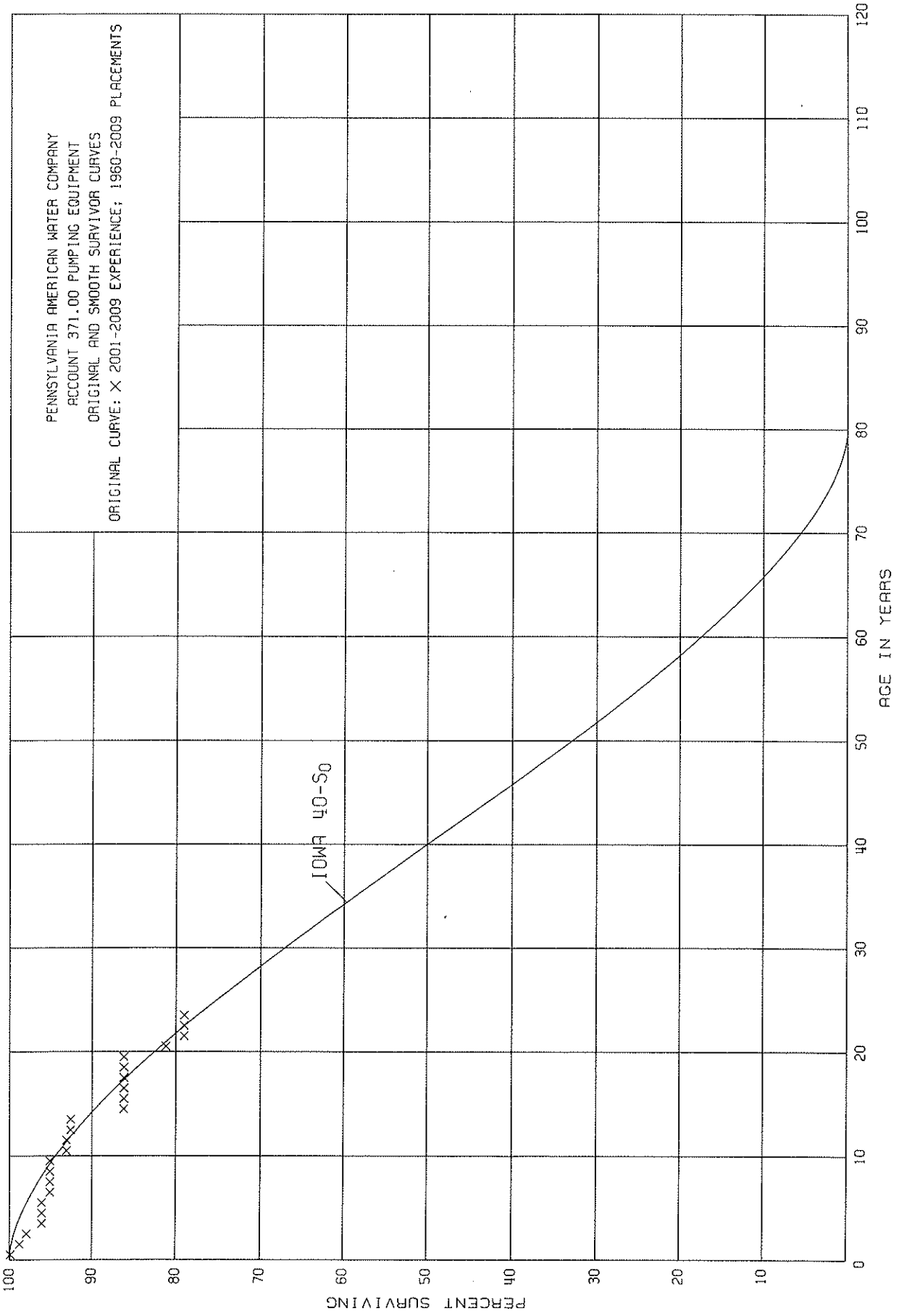
PLACEMENT BAND 1935-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	131,280		0.0000	1.0000	42.15
40.5	122,432		0.0000	1.0000	42.15
41.5	110,064		0.0000	1.0000	42.15
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 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

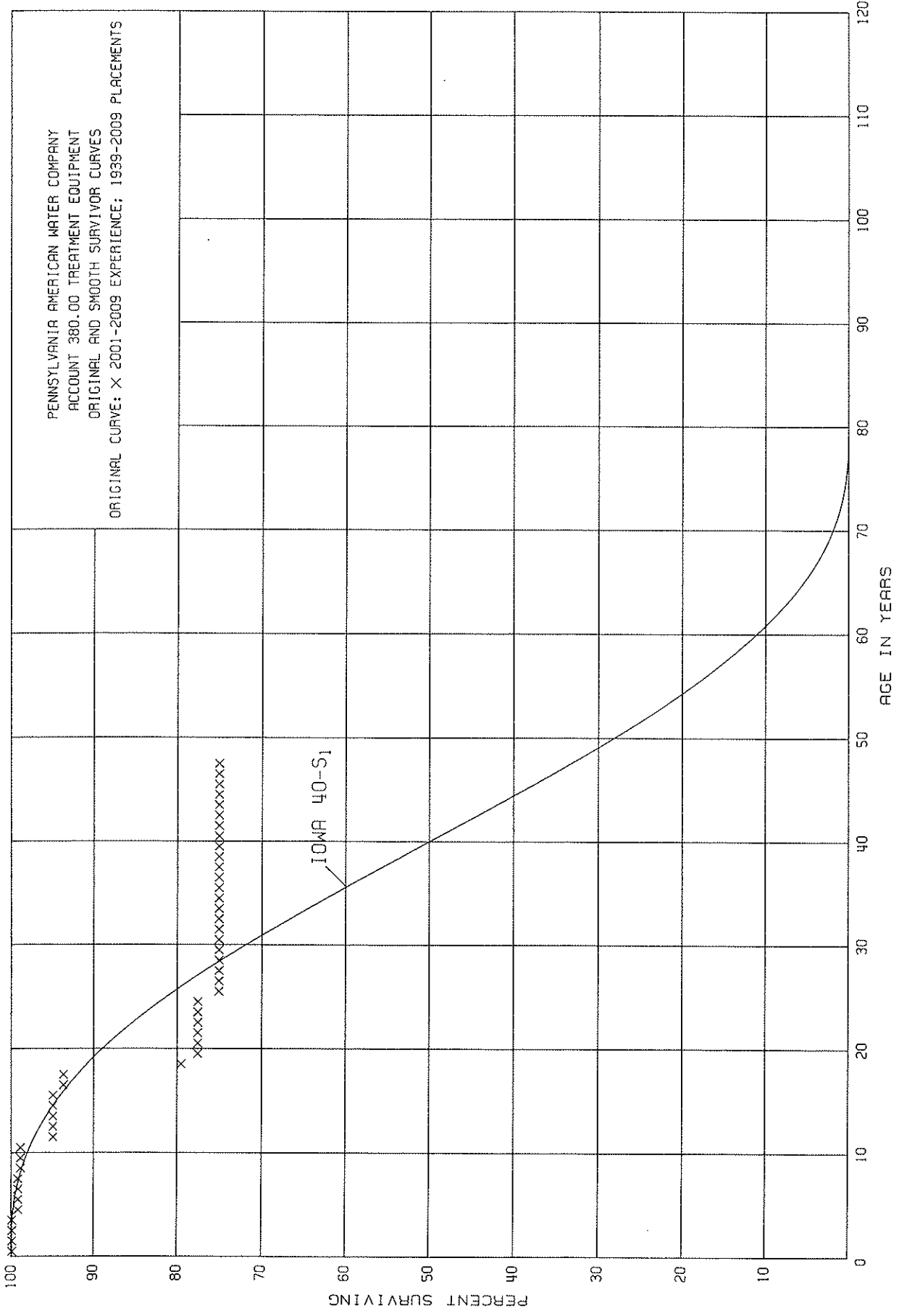
ACCOUNT 371.00 PUMPING EQUIPMENT

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

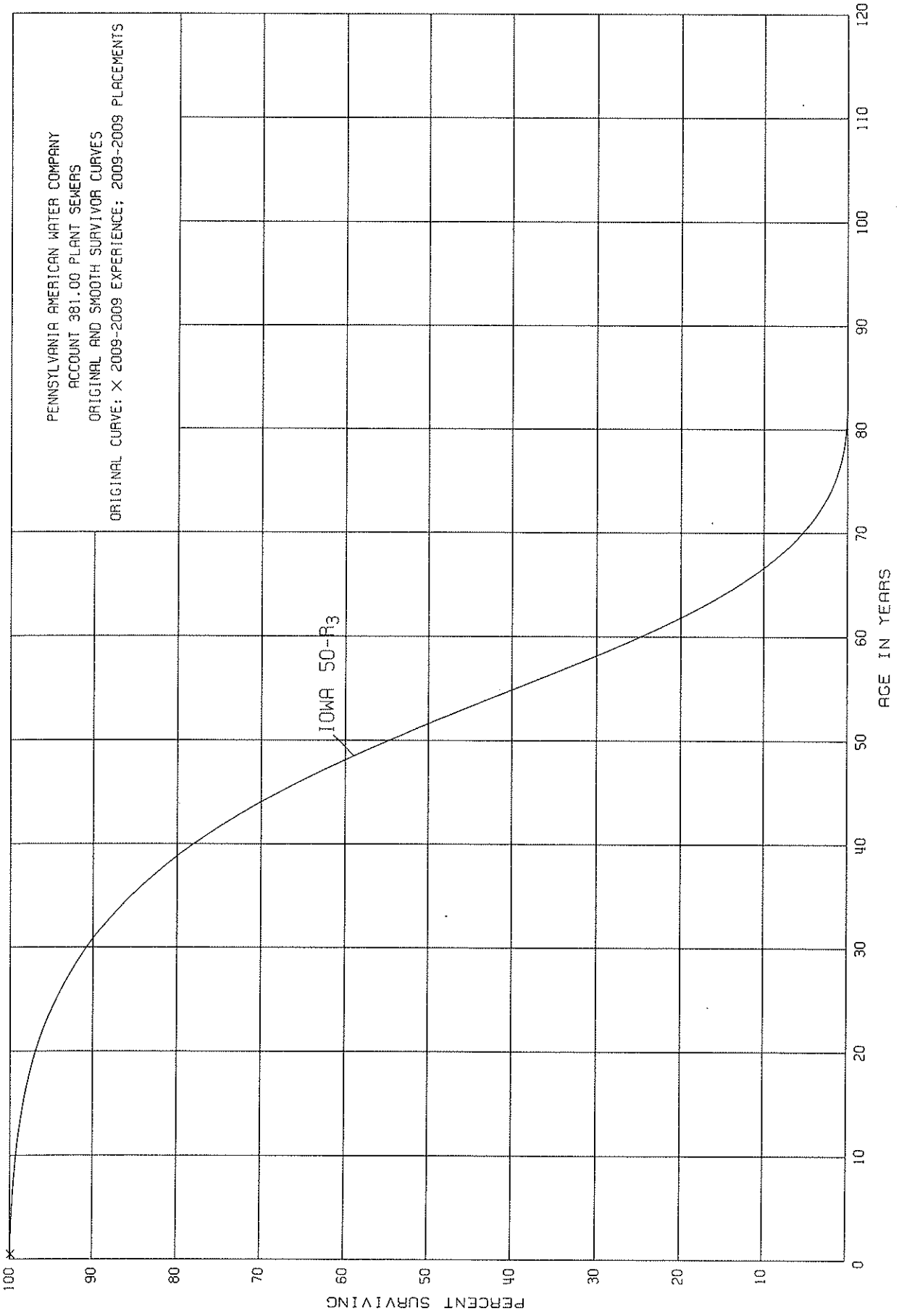
PLACEMENT BAND 1939-2009			EXPERIENCE BAND 2001-2009		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,592,382		0.0000	1.0000	100.00
0.5	458,079		0.0000	1.0000	100.00
1.5	324,985		0.0000	1.0000	100.00
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					

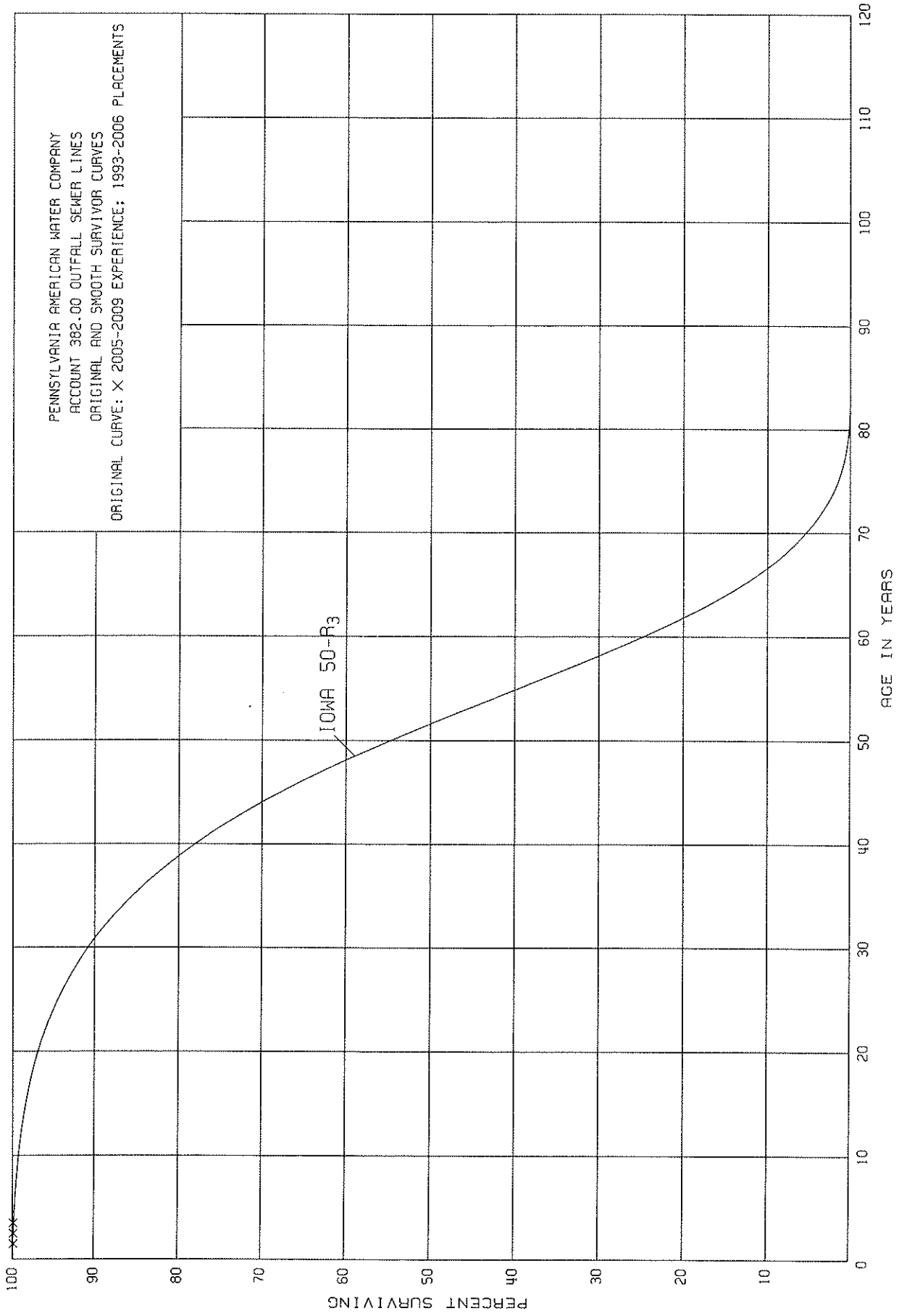


PENNSYLVANIA AMERICAN WATER COMPANY

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

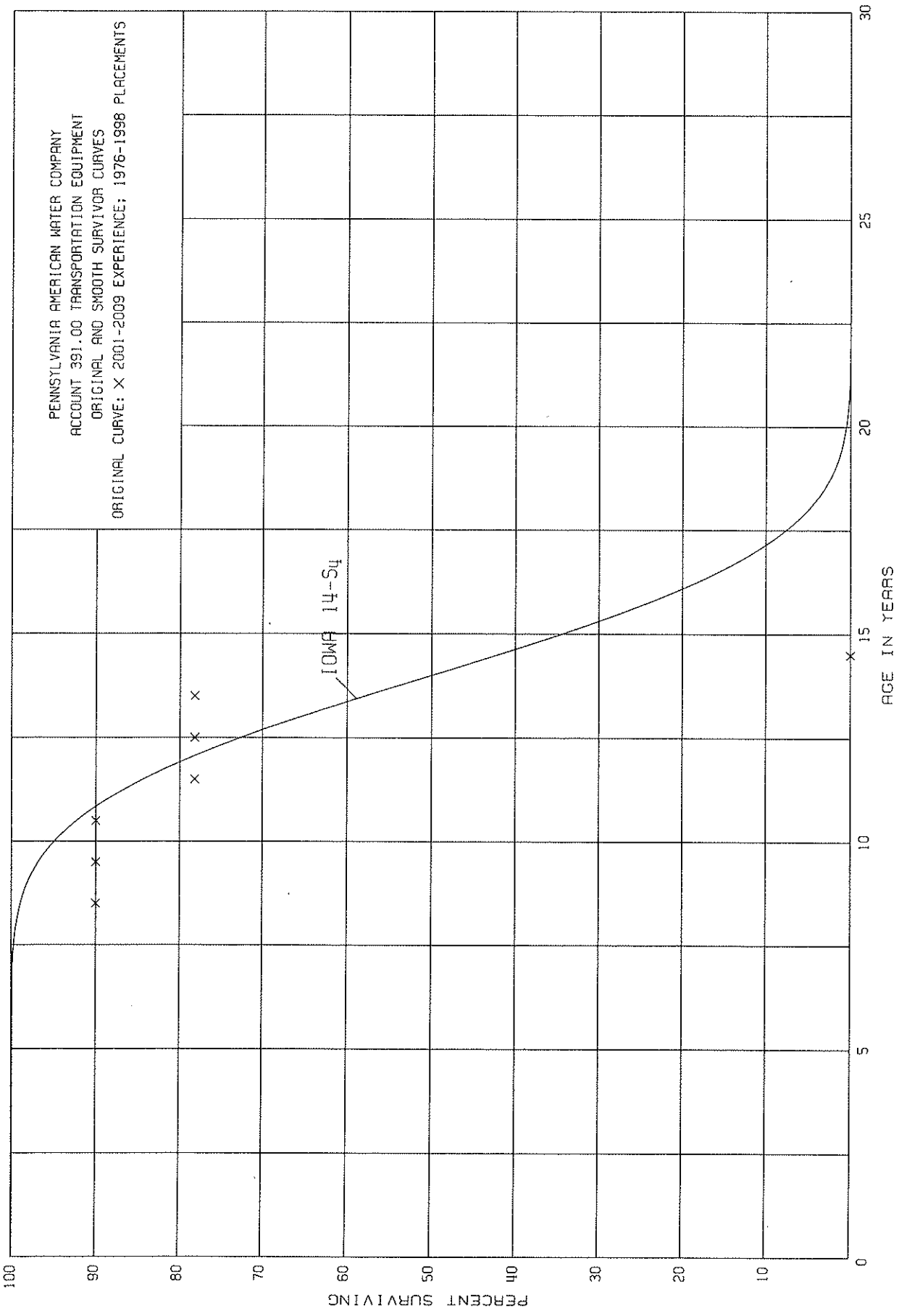
ACCOUNT 382.00 OUTFALL SEWER LINES

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					

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NET UTILITY PLANT IN SERVICE

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 354.20 STRUCTURES AND IMPROVEMENTS - COLLECTION

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-R3						
NET SALVAGE PERCENT.. 0						
2008	2,712.38	194	157	2,555	32.47	79
	2,712.38	194	157	2,555		79
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.3	2.91

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1976	30,574.72	25,845	11,232-	41,807	6.31	6,626
1978	11,146.44	9,166	3,983-	15,129	7.02	2,155
1983	46,063.92	35,091	15,250-	61,314	8.60	7,130
1989	19,958.16	13,260	5,763-	25,721	10.86	2,368
1996	24,175.73	12,199	5,302-	29,478	14.24	2,070
1999	11,157.00	4,670	2,030-	13,187	15.97	826
2000	7,035.93	2,726	1,185-	8,221	16.60	495
2003	44,606.81	12,816	5,570-	50,177	18.61	2,696
2004	65,067.66	16,371	7,115-	72,183	19.34	3,732
2009	23,150.04	1,389	604-	23,754	23.50	1,011
9999	165,916.28-	78,312-	34,036	199,952-		17,073-
	117,020.13	55,221	23,998-	141,019		12,036
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.7	10.29

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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)
BLUE MOUNTAIN LAKE						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2033						
NET SALVAGE PERCENT.. 0						
1993	234,090.37	105,294	24,865	209,225	21.41	9,772
2004	328,252.02	75,104	17,735	310,517	21.91	14,172
2010	1,461,315.00	32,733	7,730	1,453,585	21.87	66,465
	2,023,657.39	213,131	50,330	1,973,327		90,409
LEHMAN PIKE						
INTERIM SURVIVOR CURVE.. IOWA 65-R3						
PROBABLE RETIREMENT YEAR.. 6-2029						
NET SALVAGE PERCENT.. 0						
1989	170,785.29	93,642	71,191	99,594	17.71	5,624
1992	8,146.60	4,145	3,151	4,996	17.86	280
2004	1,459.25	384	292	1,167	18.19	64
2006	383,030.57	76,032	57,803	325,228	18.17	17,899
2007	2,913.31	470	357	2,556	18.19	141
2008	746,730.43	90,205	68,578	678,152	18.20	37,261
2009	23,238.98	1,771	1,346	21,893	18.19	1,204
	1,336,304.43	266,649	202,718	1,133,586		62,473
	3,359,961.82	479,780	253,048	3,106,913		152,882
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.3	4.55

PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST 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						
2007	2,875.51	406	352	2,524	21.31	118
2008	356,605.00	37,265	32,354	324,251	21.42	15,138
2009	12,153.79	795	690	11,464	21.44	535
2010	39,433.00	907	788	38,645	21.29	1,815
	411,067.30	39,373	34,184	376,884		17,606
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.4	4.28

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1989	50,441.34	38,068	40,606	9,835	6.99	1,407
2007	1,386.52	226	241	1,146	17.96	64
2009	32,791.15	2,410	2,571	30,220	18.91	1,598
	84,619.01	40,704	43,418	41,201		3,069
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.4	3.63

PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST 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						
1976	311,479.84	171,937	80,453	231,027	28.00	8,251
1978	270,355.19	141,477	66,200	204,155	29.61	6,895
1979	73,749.33	37,634	17,610	56,139	30.23	1,857
1980	75,105.93	37,343	17,474	57,632	30.85	1,868
1981	35,032.78	16,847	7,883	27,150	31.85	852
1982	49,161.81	22,978	10,752	38,410	32.48	1,183
1983	154,254.94	69,569	32,553	121,702	33.48	3,635
1985	286,713.71	121,366	56,789	229,925	34.74	6,618
1986	32,740.74	13,316	6,221	26,520	35.74	742
1987	185,785.51	72,475	33,859	151,927	36.74	4,135
1988	71,960.69	27,043	12,634	59,327	37.38	1,587
1989	81,096.33	29,122	13,605	67,491	38.38	1,758
1991	75,459.60	24,721	11,549	63,911	40.02	1,597
1994	210,531.14	58,717	27,431	183,100	42.67	4,291
1996	60,061.76	14,721	6,877	53,185	44.67	1,191
1998	268,311.92	56,694	26,486	241,826	46.67	5,182
2000	376,098.71	67,134	31,363	344,736	48.32	7,134
2002	115,748.88	16,726	7,814	107,935	50.32	2,145
2004	614,520.25	67,904	31,723	582,797	52.32	11,139
2005	155,658.16	14,554	6,799	148,859	53.32	2,792
2010	10,000.00	85	40	9,960	58.32	171
9999	1,504,774.36-	463,471-	216,522-	1,288,252-		32,202-
	2,009,052.86	618,892	289,593	1,719,462		42,821

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 40.2 2.13

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2006	27,796.96	2,302	566	27,231	49.85	546
2007	34,403.89	2,229	547	33,857	50.55	670
2008	9,179.38	425	104	9,075	51.55	176
2009	19,830.58	551	136	19,695	52.55	375
2010	18,000.00	167	41	17,959	53.55	335
	109,210.81	5,674	1,394	107,817		2,102
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					51.3	1.92

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1996	8,658.32	3,026	2,882	5,776	26.99	214
1998	31,479.82	9,759	9,296	22,184	27.82	797
2000	92,971.61	25,093	23,902	69,070	28.41	2,431
2002	30,599.46	6,919	6,591	24,008	29.09	825
2004	16,987.72	3,070	2,923	14,065	29.47	477
9999	7,479.92-	1,981-	1,886-	5,594-		197-
	173,217.01	45,886	43,708	129,509		4,547
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					28.5	2.63

PENNSYLVANIA AMERICAN WATER COMPANY
NORTHEAST 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						
1976	21,953.69	16,966	6,888	15,066	10.14	1,486
1977	20,889.92	15,887	6,450	14,440	10.55	1,369
1979	26,772.12	19,651	7,978	18,794	11.42	1,646
1980	31,993.34	23,029	9,349	22,644	11.87	1,908
1981	13,113.68	9,246	3,754	9,360	12.34	759
1982	17,179.12	11,800	4,790	12,389	12.99	954
1983	26,618.93	17,861	7,251	19,368	13.48	1,437
1984	27,648.13	18,098	7,347	20,301	13.98	1,452
1986	7,703.30	4,756	1,931	5,772	15.18	380
1987	68,062.85	40,627	16,493	51,570	15.87	3,250
1988	39,477.36	22,830	9,268	30,209	16.41	1,841
1989	18,787.31	10,463	4,248	14,539	17.11	850
1990	19,078.71	10,209	4,144	14,935	17.81	839
1991	28,656.56	14,698	5,967	22,690	18.52	1,225
1992	15,346.10	7,524	3,054	12,292	19.23	639
1993	15,834.35	7,371	2,992	12,842	20.09	639
1994	30,116.81	13,318	5,407	24,710	20.81	1,187
1995	8,086.05	3,372	1,369	6,717	21.67	310
1996	63,215.62	24,749	10,047	53,169	22.54	2,359
1997	8,507.31	3,113	1,264	7,243	23.40	310
1998	141,577.83	48,136	19,542	122,036	24.26	5,030
2000	144,271.77	41,507	16,850	127,422	26.00	4,901
2002	52,806.09	12,346	5,012	47,794	27.86	1,716
2004	485,752.35	87,144	35,377	450,375	29.73	15,149
2005	31,680.05	4,809	1,952	29,728	30.73	967
2006	58,890.63	7,314	2,969	55,922	31.73	1,762
2007	66,381.88	6,412	2,603	63,779	32.73	1,949
2008	176,405.80	12,172	4,941	171,465	33.73	5,083
2009	71,469.95	2,959	1,201	70,269	34.73	2,023
2010	50,000.00	690	280	49,720	35.73	1,392
9999	518,665.64-	150,569-	61,124-	457,542-		18,776-
	1,269,611.97	368,488	149,594	1,120,018		46,036

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 24.3 3.63

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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	4,907.80	2,842	3,315	1,593	13.45	118
2009	28,819.00	2,003	2,337	26,482	20.10	1,318
	33,726.80	4,845	5,652	28,075		1,436
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.6	4.26

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1993	26,183.11	11,822	12,489	13,694	21.26	644
2003	25.11	6	6	19	23.75	1
2004	161,973.27	34,533	36,480	125,493	23.99	5,231
2005	1,699.04	315	333	1,366	24.17	57
2007	9,425.85	1,181	1,248	8,178	24.43	335
2008	9,336.84	866	915	8,422	24.45	344
2009	366,300.73	21,172	22,365	343,936	24.47	14,055
2010	54,655.00	1,104	1,166	53,489	24.31	2,200
	629,598.95	70,999	75,002	554,597		22,867
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					24.3	3.63

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
1989	82,435.17	44,490	202,623-	285,058	18.34	15,543
1993	55,915.68	26,029	118,545-	174,461	20.09	8,684
1994	37,925.65	16,896	76,950-	114,876	20.54	5,593
2004	190,251.43	37,841	172,341-	362,592	26.18	13,850
2005	4,031.86	685	3,120-	7,152	26.86	266
2006	3,164.31	443	2,018-	5,182	27.65	187
2007	11,470.84	1,261	5,743-	17,214	28.35	607
2008	81,877.10	6,468	29,457-	111,334	29.15	3,819
2009	865,553.04	41,200	187,639-	1,053,192	30.04	35,060
2010	1,129,768.99	17,963	81,810-	1,211,579	30.95	39,146
	2,462,394.07	193,276	880,246-	3,342,640		122,755
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					27.2	4.99

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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	409,415.00	14,248	10,279	399,136	41.60	9,595
2010	143,490.00	1,693	1,221	142,269	41.87	3,398
	552,905.00	15,941	11,500	541,405		12,993
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.7	2.35

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2010	24,096.89	284	47,762-	71,859	41.87	1,716
	24,096.89	284	47,762-	71,859		1,716
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.9	7.12

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 390.00 OFFICE FURNITURE AND 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						
2007	2,253.64	394	407	1,847	16.50	112
2008	7,158.52	895	925	6,234	17.50	356
2009	4,634.39	348	359	4,275	18.50	231
	14,046.55	1,637	1,691	12,356		699
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.7	4.98

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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	22,500.00	830		22,500	13.05	1,724
	22,500.00	830		22,500		1,724
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.1	7.66

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2007	5,226.90	915	1,164	4,063	16.50	246
	5,226.90	915	1,164	4,063		246
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					16.5	4.71

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2007	7,843.58	1,830	1,515	6,329	11.50	550
2008	14,876.48	2,480	2,053	12,823	12.50	1,026
2009	30,829.31	3,083	2,552	28,277	13.50	2,095
2010	21,351.00	711	589	20,762	14.50	1,432
	74,900.37	8,104	6,709	68,191		5,103
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.4	6.81

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST 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						
2005	244,077.89	89,503	51,598	192,480	9.50	20,261
	244,077.89	89,503	51,598	192,480		20,261
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					9.5	8.30

PENNSYLVANIA AMERICAN WATER COMPANY
 NORTHEAST WASTEWATER OPERATIONS

ACCOUNT 397.00 MISCELLANEOUS 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						
2008	3,708.52	464	457	3,252	17.50	186
2009	6,270.00	470	462	5,808	18.50	314
	9,978.52	934	919	9,060		500
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.1	5.01

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EXPERIENCED AND ESTIMATED NET SALVAGE

PENNSYLVANIA AMERICAN WATER COMPANY

NORTHEAST 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)
354.3	Structures and Improvements - SPP	\$ -	\$ -	\$ 62,616.00
354.4	Structures and Improvements - TDP	57,625.00	-	64,467.50
355	Power Generation Equipment	-	-	2,012.90
360.1	Collection Sewers - Force Mains	-	-	3,019.35
361.1	Collection Sewers - Gravity Mains	1,800.00	-	1,610.32
363	Services	-	-	1,409.03
380	Treatment Equipment	667,162.00	-	534,516.90
382	Outfall Sewer Lines	<u>32,729.00</u>	<u>-</u>	<u>25,787.00</u>
	Total	\$ <u>759,316.00</u>	\$ <u>-</u>	\$ <u>695,439.00</u>

