



The York Water Company

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SECRETARY'S BUREAU

April 25, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: The York Water Company's Acquisition of the East Prospect Borough Authority
Wastewater System
Docket Nos. A-2013-2394181 and U-2013-2394182

Dear Secretary Chiavetta:

Enclosed on behalf of The York Water Company ("York Water" or the "Company") please find the original cost plant-in-service valuation of the former wastewater system of the East Prospect Borough Authority (the "Authority"). York Water is filing this original cost valuation pursuant to the Pennsylvania Public Utility Commission's ("Commission") Policy Statement at 52 Pa. Code § 69.711.

The Commission approved York Water's acquisition of East Prospect's wastewater assets by Order entered February 6, 2014 at Docket Nos. A-2013-2394181 and U-2013-2394182. On February 7, 2014, the transfer by sale of East Prospect's wastewater assets and rights to York Water was consummated. A tariff was filed effective February 8, 2014 incorporating the former East Prospect Borough Authority customers.

Based upon conversations that the Company had with the Authority, original bid sheets and other records obtained from the Authority, records provided by the Authority's public accountants, visual inspection, and discussions with an operator of the system (now employed by York Water), a reasonable depreciated original cost of assets could be calculated by the Company. It is also York Water's understanding that East Prospect Borough Authority funded all of the assets with sewer notes and loans and used no customer funds to build the facilities.

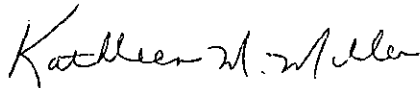
Therefore, York Water prepared the original cost study based on a visual inspection of assets, maps of the system, the original years of installation from the previous owners, financial reports and the original cost study of York Water's other wastewater system which was provided by an engineering firm. York Water calculated depreciation based

on the useful lives already in use by the East Prospect Borough Authority and the depreciation records provided by the Authority's public accountant.

York Water paid less than the depreciated original cost of the acquired system, and will book and include in rate base, the depreciated original cost of the acquired system. No amortization or pass through of the difference between the acquisition cost and depreciated original cost is appropriate because this acquisition involved a matter of substantial interest. Specifically, the Authority determined that it had insufficient experience to continue to meet the regulatory requirements associated with its wastewater obligations, and was not equipped to expand its obligations to proposed residential developments located nearby. The Authority thought it would be in the best interest of its customers to sell the system to a company with more experience with utility service and regulatory requirements.

York Water intends to include the depreciated original cost of the wastewater assets of the East Prospect Borough Authority in its rate base claim in its next rate case. At that time, York Water will present its proposal that the acquisition adjustment should not be passed through in rates.

Sincerely,



Kathleen M. Miller
CFO and Treasurer

Enclosure

cc: Bureau of Technical Utility Services
Office of Consumer Advocate
Office of Small Business Advocate
Anthony Kanagy, Post & Schell

East Prospect Original Cost Study
As of February 7, 2014

Account	Description	Install Date	Unit	Qty	Unit Cost	Extended Cost	Allocated Overhead	Total Cost	Accrued Depreciation	Depreciated Original Cost
Land										
353	Land and Right of Ways									
	Treatment Plant Parcel		acres	1.797	\$49,333.56	\$49,333.56		\$49,333.56	0.00	\$ 49,333.56
	Hedgewick Lane		acres	0.088	\$340.00	\$340.00		340.00	0.00	340.00
	S. Main St.		acres	0.075	\$5,520.00	\$5,520.00		5,520.00	0.00	5,520.00
	Bank Hill Rd.		acres	0.058	\$1,310.00	\$1,310.00		1,310.00	0.00	1,310.00
Structures and Improvements										
354.4	Treatment Plant - building	1993				70,839.52		70,839.52	37,043.16	33,796.35
354.7	Treatment Plant - shed	1993				12,000.00		12,000.00	6,275.00	5,725.00
354.4	Treatment Plant - yard piping	1993				22,370.38		22,370.38	11,697.84	10,672.53
354.4	Treatment Plant - piping valve	1993				7,829.63		7,829.63	4,094.25	3,735.39
Collection Sewers - Force										
360.2	1 1/2" Force (Low pressure) Main	1993	LF	242	6.91	1,668.35	2,343.32	4,011.67	2,097.77	1,913.90
360.2	4" Diameter Force Main	1993	LF	2991	8.90	26,633.66	29,016.80	55,650.45	29,100.55	26,549.90
Hedgewick Lane Extension										
360.2	8" Diameter, SDR-35 PVC-low pressure	2000		780	21.48	16,754.40		16,754.40	8,761.16	7,993.25
360.2	8" Diameter, SDR-35 PVC-force	2000		520	21.48	11,169.60		11,169.60	5,840.77	5,328.83
Collection Sewers - Gravity										
361.2	6" Diameter, SDR-35 PVC-gravity	1993	LF	2164	19.22	41,586.90	21,886.42	63,473.31	33,191.25	30,282.06
361.2	8" Diameter, SDR-35 PVC-gravity	1993	LF	9640	19.22	185,257.70	95,759.42	281,017.13	146,948.54	134,068.59
361.2	10" Diameter, SDR-35 PVC-gravity	1993		383	22.29	8,538.00	3,715.62	12,253.62	6,407.62	5,846.00
361.2	24" CMP Casing Pipe	1993	LF	90	143.21	12,888.97	873.12	13,762.10	7,196.43	6,565.67
361.2	30" Steel Casing Pipe	1993	LF	265	120.51	31,935.89	2,570.86	34,506.75	18,044.16	16,462.60
Creekside and Riverview Extension										
361.2	6" Diameter, SDR-35 PVC-gravity	2008	LF	286	25.87	7,400.18		7,400.18	3,869.68	3,530.50
361.2	8" Diameter, SDR-35 PVC-gravity	2008	LF	740	25.87	19,147.31		19,147.31	10,012.45	9,134.86
Winters Ridge (Livia Lane) Extension										
361.2	8" Diameter, SDR-35 PVC-gravity	2004	LF	2725	24.87	67,770.75		67,770.75	35,438.45	32,332.30
Hedgewick Lane Extension										
361.2	8" Diameter, SDR-35 PVC-gravity	2000	LF	3200	21.48	68,736.00		68,736.00	35,943.20	32,792.80
Manholes										
361.21	Manhole, 0' - 6' Deep w/ Frame and Cover	1993	EA	50	1,166.79	58,339.68		58,339.68	30,506.79	27,832.89
361.21	Manhole, 6' Extra Depth w/ Frame and Cover	1993	EA	9	2,123.14	19,108.24		19,108.24	9,992.02	9,116.22
Creekside and Riverview Extension										
361.21	Manhole, 0' - 6' Deep w/ Frame and Cover	2008	EA	7	2,131.16	14,918.12		14,918.12	7,800.93	7,117.19

East Prospect Original Cost Study
As of February 7, 2014


Account	Description	Install Date	Unit	Qty	Unit Cost	Extended Cost	Allocated Overhead	Total Cost	Accrued Depreciation	Depreciated Original Cost
Winters Ridge (Livia Lane) Extension										
361.21	Manhole, 0' - 6' Deep w/ Frame and Cover	2004	EA	14	1,743.69	24,411.66		24,411.66	12,765.26	11,646.40
Hedgewick Lane Extension										
361.21	Manhole, 0' - 6' Deep w/ Frame and Cover	2000	EA	28	1,546.61	43,305.08		43,305.08	22,644.95	20,660.13
Services										
363.2	1 1/2" Sewer Lateral	1993		4	66.01	264.04		264.04	138.07	125.97
363.2	4" Diameter, SDR-35 PVC Sewer Lateral	1993	EA	220	181.47	39,923.09		39,923.09	20,876.45	19,046.64
363.2	6" Diameter, SDR-35 PVC Sewer Lateral	1993	EA	42	239.19	10,045.79		10,045.79	5,253.11	4,792.68
Creekside and Riverview Extension										
363.2	6" Diameter, SDR-35 PVC Sewer Lateral	2008	EA	50	306.16	15,307.86		15,307.86	8,004.74	7,303.13
Winters Ridge (Livia Lane) Extension										
363.2	6" Diameter, SDR-35 PVC Sewer Lateral	2004	EA	35	287.02	10,045.79		10,045.79	5,253.11	4,792.68
Hedgewick Lane Extension										
363.2	6" Diameter, SDR-35 PVC Sewer Lateral	2000	EA	68	267.89	18,216.36		18,216.36	9,525.64	8,690.72
371.3 Pumping Equipment										
	E. Maple Pumping Station, Complete (Dakota)	1993		1	28,282.82	28,282.82		28,282.82	14,789.56	13,493.26
	E. Maple Pumps			2	6,060.60	12,121.21		12,121.21	6,338.38	5,782.83
	S. Main Pumping Station, Complete (Dakota)	1993		1	29,321.64	29,321.64		29,321.64	15,332.77	13,988.86
	S. Main Pumps			2	6,283.21	12,566.42		12,566.42	6,571.19	5,995.23
	Hedgewick Pumping Station, Complete (Smith & Lov	2000	L.S.	1	29,863.55	29,863.55		29,863.55	15,616.15	14,247.40
	Hedgewick Pumps			2	6,399.33	12,798.66		12,798.66	6,692.63	6,106.03
	Telephone Dialers/Installation	2000/2001			3,998.33	3,998.33		3,998.33	3,998.33	-
380.4 Treatment Equipment										
	Aeration Chambers	1993		7	25,172.26	176,205.84		176,205.84	92,140.97	84,064.87
	Settling Tanks	1993		4	29,693.95	118,775.80		118,775.80	62,109.85	56,665.96
	Sludge Holding Tanks	1993		3	9,336.76	28,010.28		28,010.28	14,647.04	13,363.24
	Aeration System (blowers)	1993		2	12,269.15	24,538.30		24,538.30	12,831.48	11,706.81
	Refrigerated Sampler	1993		2	1,845.90	3,691.80		3,691.80	3,691.80	-
	Chlorine Contact Tank	1993		1	12,927.83	12,927.83		12,927.83	6,760.18	6,167.65
	UV Disinfection System	2006			66,973.62	66,973.62		66,973.62	50,788.33	16,185.29
	Influent Chamber	2011			54,482.71	54,482.71		54,482.71	340.52	54,142.19
	SS Channel for Grinder/Screen	2013			15,870.00	15,870.00		15,870.00	99.19	15,770.81
	Spira Lift and Grinder	2013			77,600.00	77,600.00		77,600.00	970.00	76,630.00
382 Outfall Sewer Lines										
	Outfall Pipe Relocation	2012		1	10,962.50	10,962.50		10,962.50	1,278.96	9,683.54
						\$1,641,907.80	\$156,165.57	\$1,798,073.37	\$849,720.67	\$ 948,352.70



The York Water Company

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