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December 9, 2016

Via E-Filing

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

Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Borough of New Cumberland's assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of New Cumberland, Cumberland County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to three residential customers in Lower Allen Township, Cumberland County, Pennsylvania; Docket No. A-2016-2544151

Dear Secretary Chiavetta:

Pursuant to the Commission's Statement of Policy relating to water and wastewater system acquisitions at 52 Pa. Code § 69.721(f), enclosed is a copy of Pennsylvania-American Water Company's original cost plant-in-service valuation of the wastewater system assets acquired from the Borough of New Cumberland on October 31, 2016, in connection with the above-referenced proceeding. As required under Section 69.721(f), copies of the enclosed original cost valuation have been served as per the certificate of service.

Should you have any questions regarding this filing, please contact me.

Respectfully yours,

Melanie J. El Atieh

Enclosures

Cc: Service List (as indicated)

CERTIFICATE OF SERVICE
Docket No. A-2016-2544151

I hereby certify that I have this day served a true copy of the foregoing document upon the participant listed below, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54. (relating to service by a party).

VIA FIRST CLASS MAIL:

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923


Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Bureau of Audits
Pennsylvania Public Utility Commission
Attn: Mr. Dennis P. Hosler, Director
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Attn: Mr. Paul Diskin, Director
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Attn: Mr. Richard Kanaskie, Director &
Chief Prosecutor
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Date: December 9, 2016


Melanie J. El Atieh
Pa. Attorney I.D. # 209323

PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

*Acquisition of the
Borough of New Cumberland - Sewer System*

Original Cost of Wastewater Utility Plant
And Depreciation Reserve Calculations
at October 31, 2016

By

Scott D. Fogelsanger
Senior Manager - Business Development

Pennsylvania-American Water Company, Inc.
852 Wesley Drive
Mechanicsburg, PA 17055

November 2016

PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

Acquisition of the

Borough of New Cumberland - Sewer System

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PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

Acquisition of the

Borough of New Cumberland - Sewer System

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Section 1

PENNSYLVANIA-AMERICAN WATER COMPANY, INC.

Acquisition of the Borough of New Cumberland - Sewer System

BACKGROUND

Borough of New Cumberland (the "Borough") makes wastewater service available to approximately 3,147 customers located in Borough of New Cumberland, Cumberland County. Pennsylvania-American Water Company, Inc. ("PAWC") and the Borough filed a joint application requesting the Commission to approve the sale of the wastewater system, grant PAWC the right to furnish service in the Borough's service territory, and authorize the Borough to abandon service. The Commission approved the application on October 27, 2016.

OVERVIEW OF THE BOROUGH'S FACILITIES

The Borough's assets to be acquired consist of facilities for the collection and treatment of wastewater flows from its customers. The Borough's collection system consists of approximately 155,955 linear feet of 4" to 21" pipe, manholes, and 3 pump stations. Customer service lines, which run from the Borough's mains to the curb line, consist of pipe and cleanouts.

The Borough has one (1) wastewater treatment plant that has a design capacity of 1.25 mgd. The plant influent flows through the headworks that contain a screenings and degritting. From there the flow is treated in an oxidation ditch system similar to the system at the Coatesville treatment plant. Clarifiers are used for settling out solids. Effluent from the secondary clarifiers passes through two banks of ultraviolet (UV) light for disinfection prior to being discharged into the Susquehanna River. Treated solids are transferred from the secondary clarifiers to an aerated sludge digester.

OVERVIEW OF THE STUDY TECHNIQUES

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

Second, the original cost of the inventoried property was determined based on a review of the Borough's books of account, construction records, and other sources. For the most part, the Borough's records provided reasonable data as to the original cost of its plant in service. In addition, theoretical accrued depreciation calculations were prepared based upon the results of the original cost study to reflect the theoretical capital recovery of the plant in service at October 31, 2016.

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

EXPLANATION OF THE STUDY

UTILITY PLANT INVENTORY

A comprehensive inventory of the Borough's plant in service as of October 31, 2016 was prepared. One of the principal source documents for the inventory was the "as built" maps of the Borough's system. The maps were particularly helpful in locating and documenting the sizes, types, and lengths of the pipelines and locations of the manholes. Significant components of the inventory are discussed below.

Mass Property

For purposes of this study, "mass" property consists of utility plant recorded in Account 360 (Collection Sewers - Force), Account 361 (Collection Sewers - Gravity), and Account 363 (Services to Customers).

For Accounts 360 and 361, footages of pipe (by size and type) were determined by reviewing the “as-built” maps and were verified by a physical check of the system in place. This same procedure was utilized for the manholes.

Based upon data obtained from Borough records, a large majority of the customer service lines (Account 363) were installed when the collection lines were installed.

Non-Mass Property

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

Acct.
No. Account Title

Non-Depreciable Plant:

353.2 Land & Land Rights - Collection
353.3 Land & Land Rights - Pumping
353.4 Land & Land Rights - Treatment & Disposal

Depreciable Plant:

354.3 Structures & Improvements - Pumping
354.4 Structures & Improvements - Treatment & Disposal
355 Power Generation Equipment
360 Collection Sewers - Force
361 Collection Sewers - Gravity
363 Services to Customers
364 Flow Measuring Devices
371 Pumping Equipment
380 Treatment & Disposal Equipment
382 Outfall Sewer Lines
390 Office Furniture & Equipment
391 Transportation Equipment
393 Tools, Shop & Garage Equipment
394 Laboratory Equipment
395 Power Operated Equipment

ORIGINAL COST ANALYSIS

The goal of the original cost analysis was to ascertain the original cost of the Borough's plant in service by fixed capital account and, within each account, to determine the original costs by retirement unit (for non-mass property) or size and type (for mass property) and by vintage year. Reasonably good data exists to establish the original cost of the Borough's property by account. The original cost determinations for Account 360 (Collection Mains - Force), Account 361 (Collection Mains - Gravity), and Account 363 (Services to Customers) are explained as follows:

Account 360, Account 361, and Account 363

An original cost of mains and accessories was determinable from available records for the Borough's collection system and other source documents. The Borough summaries verified that the lengths scaled and units counted from the collection system maps were accurate. As previously explained, the physical inventory established the total footage of pipe by size and type and the total number of units of accessories. The information contained in the construction summaries was used to develop the footage of pipe, units of accessories, and the resultant unit price for the respective fixed capital asset. The original cost values at October 31, 2016 for the Borough's collection mains - force, collection mains - gravity, and customer services as established by the original cost study total \$1,743,843; \$4,733,528; and \$2,122,583, respectively.

SUMMARY OF ORIGINAL COST

The results of the original cost study established that the original cost of the Borough's utility plant in service is not less than \$25,375,642 as summarized by plant account in Section 2.

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

An extensive research of records was performed to determine if any contributions in aid of construction existed. The record research included all Borough documents that were available. Based on this record research, the Borough did receive contributions in aid of construction in the amount of \$143,187 as summarized by plant account in Section 3.

CUSTOMER ADVANCES FOR CONSTRUCTION

An extensive research of records was performed to determine if any customer advances for construction existed. The record research included all Borough documents that were available. Based on this record research, the Borough did not receive customer advances for construction.

DEPRECIATION RESERVE

A theoretical calculated depreciation reserve of the utility plant in service at October 31, 2016 was prepared. The calculated accrued depreciation reserve amounts to \$4,058,229. The calculations were based upon the Straight Line Methodology utilizing appropriate service lives for the specific fixed capital assets by category and condition of the plant at the study date. The results of those calculations and detailed supporting documentation are included in Section 4 of this report.

ACCUMULATED AMORTIZATION OF CIAC

A theoretical calculated accumulated amortization of the contributions in aid of construction at October 31, 2016 was prepared. The calculated accumulated amortization of CIAC amounts to (\$91,052). The calculations were based upon the Straight Line Methodology utilizing appropriate service lives for the specific fixed capital assets by category and condition of the plant at the study date. The results of those calculations and detailed supporting documentation are included in Section 4 of this report.

Section 2

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016

Acct. No.	Account Title	Original Cost
353.2	Land & Land Rights - Collection	\$93.50
353.3	Land & Land Rights - Pumping	3.00
353.4	Land & Land Rights - Treatment & Disposal	29.00
354.3	Structures & Improvements - Pumping Plant	485,614.05
354.4	Structures & Improvements - Treatment & Disposal	9,371,209.81
355	Power Generation Equipment	292,800.80
360	Collection Sewers - Force	1,743,842.61
361	Collection Sewers - Gravity	4,733,527.71
363	Services to Customers	2,122,583.34
364	Flow Measuring Devices	33,215.87
371	Pumping Equipment	684,363.06
380	Treatment & Disposal Equipment	5,249,710.89
382	Outfall Sewer Lines	12,139.53
390	Office Furniture & Equipment	8,350.00
391	Transportation Equipment	96,031.00
393	Tools, Shop & Garage Equipment	183,170.88
394	Laboratory Equipment	13,320.89
395	Power Operated Equipment	345,636.00
	Total Original Cost	----- \$25,375,641.94 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016

Account 353.2 - Land & Land Rights - Collection System

<u>Description</u>	<u>Deed Book</u>	<u>Page Numbers</u>	<u>Date</u>	<u>Original Cost</u>
<u>Land Rights:</u>				
Collection Mains - Moses	95	431	02/28/1951	\$1.00
Collection Mains - Security	Instr. No. 201623293		09/09/2016	92.50
Totals Account 353.2				----- \$93.50 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 353.3 - Land & Land Rights - Pumping Plant

<u>Description</u>	<u>Deed Book</u>	<u>Page Numbers</u>	<u>Date</u>	<u>Original Cost</u>
<u>Land:</u>				
Pump Station - Drexel Hills	29	845	11/26/1980	\$1.00
Pump Station - Northwest	29	845	11/26/1980	1.00
Pump Station - Southeast	29	849	08/08/2013	1.00
Total Account 353.3				----- \$3.00 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016

Account 353.4 - Land & Land Rights - Treatment & Disposal

<u>Description</u>	<u>Deed Book</u>	<u>Page Number</u>	<u>Date</u>	<u>Original Cost</u>
WWTP - 6.1671 Acres	Instr. No.	201621079	08/19/2016	\$29.00
Total Account 353.4				----- \$29.00 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 354.3 - Structures & Improvements - Pumping Plant

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Pump Station - Southeast:</u>				
Concrete walls and floor, asphalt single roof, waterproof metal doors, electric controls, electric heater, lighting, fencing and paved driveway. 18' x 18'	1991	Ea.	1	\$285,470.50
Upgrades - Control Panels, Piping, etc.	2014	Lot		53,662.45

Total Pump Station - Southeast				\$339,132.95
<u>Pump Station - Northwest:</u>				
Brick walls, concrete floor, single roof, metal door, windows, electric controls, electric heater, lighting & fencing. 15' x 9'	1985	Ea.	1	\$94,930.00
Concrete Pad & Fencing	2015	Lot		22,041.58

Total Pump Station - Northwest				\$116,971.58
<u>Pump Station - Drexel Hills:</u>				
Prefabricated pump structure	1982	Ea.	1	\$29,509.52

Total Pump Station - Drexel Hills				\$29,509.52

Total Account 354.3				\$485,614.05
				=====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 354.4 - Structures & Improvements - Treatment & Disposal

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Operations Building	1957			\$57,821.76
Operations Building Addition	1975			99,834.06
Operations Building	2014			165,821.75
Total Operations Building				<u>\$323,477.57</u>
Filter & Garage Building	1957			\$57,821.76
Garage Addition	1975			121,603.92
Garage & Dumpster Building	2014			498,110.03
Total Garage & Dumpster Building				<u>\$677,535.71</u>
Primary Headworks	2014			\$808,419.79
Secondary Headworks	1996			\$590,948.00
Aerobic Selector Tanks	1975	Lot		\$54,862.28
Digester A & EQ Tank	2014	Lot		90,654.66
Influent Pump Station	2014	Ea.	1	700,409.23
Total Tank Lift, EQ Tank & Aerobic Digester				<u>\$845,926.17</u>
Blower & Chemical Building	1975			\$143,109.95
Blower & Chemical Building	2014			112,503.89
Total Blower & Chemical Building				<u>\$255,613.84</u>
Anaerobic Selector Tanks	2014	Ea.	3	286,728.16
Oxidation Ditches	2014	Ea.	2	1,385,385.92
Anoxic Tanks	2014	Ea.	2	354,688.44
Flow Splitter	2014	Ea.	1	29,522.91
Clarifiers	2014	Ea.	2	1,183,144.88
Scum Pit	2014	Ea.	1	39,412.63
Cascade Aerator	2014	Ea.	1	45,892.61
Plant Piping	2014	Lot		1,515,511.67
Motor Control Building	2014	Ea.	1	65,263.52
Main Electric Switchgear	2014	Lot		545,782.54
Utility Water Structure	2014	Lot		74,024.89
Yard Paving	2014	Lot		301,171.92
Chainlink Fencing	2014	Lot		42,758.64
Total Account 354.4				<u><u>\$9,371,209.81</u></u>

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 355 - Power Generation Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
<u>WWTP:</u>				
Generator - Kohler 500KW	2014	Ea.	1	\$140,328.31
<u>Pump Station - Southeast</u>				
Generator - Kohler 200KW	2014	Ea.	1	114,814.07
<u>Pump Station - Northwest</u>				
Generator - Kohler 50KW	2015	Ea.	1	37,658.42
Total Account 355				<u>\$292,800.80</u> =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 360 - Collection Sewers - Force

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
4" CIL Pipe	1982	LF	565	\$4,316.60
6" CIL Pipe	1957	LF	1,795	19,260.35
10" DI Pipe	2014	LF	9,120	1,720,265.66
Total Account 360				=====
				\$1,743,842.61
				=====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 361 - Collection Sewers - Gravity

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
6" VCP Pipe	1957	LF	398	\$4,143.18
8" VCP Pipe	1957	LF	98,381	1,024,146.21
10" VCP Pipe	1957	LF	6,692	73,277.40
12" VCP Pipe	1957	LF	1,809	19,808.55
15" VCP Pipe	1957	LF	2,373	27,336.96
18" VCP Pipe	1957	LF	2,456	29,766.72
21" VCP Pipe	1957	LF	298	3,799.50
8" VCP Pipe	1961	LF	815	9,641.45
8" VCP Pipe	1962	LF	2,215	26,912.25
8" PVC Pipe	1982	LF	1,500	33,555.00
10" VCP Pipe (Slip lined)	1994	LF	2,000	62,380.00
8" PVC Pipe	1999	LF	435	15,559.95
8" VCP Pipe (Lined)	2007	LF	784	35,860.00
8" PVC Pipe	2008	LF	165	10,375.20
8" VCP Pipe (Lined)	2009	LF	11,282	1,653,605.32
10" VCP Pipe (Lined)	2009	LF	3,265	489,069.41
8" PVC Pipe	2009	LF	1,347	180,896.23
8" VCP Pipe (Lined)	2012	LF	1,971	90,700.12
10" VCP Pipe (Lined)	2012	LF	700	31,547.45
12" VCP Pipe (Lined)	2012	LF	244	37,670.68
18" VCP Pipe (Lined)	2012	LF	322	50,051.92
15" PVC Pipe	2012	LF	1,035	156,857.27
8" VCP Pipe (Lined)	2013	LF	1,784	106,939.60
10" VCP Pipe (Lined)	2013	LF	369	28,376.10
8" VCP Pipe (Lined)	2014	LF	650	39,811.00
8" VCP Pipe (Lined)	2015	LF	440	27,576.00
10" VCP Pipe (Lined)	2015	LF	475	31,616.00
15" VCP Pipe (Lined)	2015	LF	270	25,050.00
Manholes	1957	EA	541	216,681.32
Manholes	1961	EA	3	1,381.80
Manholes	1962	EA	8	3,791.60
Manholes	1982	EA	8	12,336.00
Manholes	1999	EA	1	2,409.79
Manholes	2008	EA	1	3,925.09
Manholes (Coated)	2009	EA	40	136,342.69
Manholes	2012	EA	6	30,329.95

Total Account 361

=====

\$4,733,527.71

=====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 363 - Services to Customers

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Services	1957	EA	2,574	\$159,356.34
Services	1961	EA	12	905.88
Services	1962	EA	39	3,003.00
Services	1982	EA	36	10,762.56
Services	1999	EA	7	3,530.17
Services	2007	EA	11	19,290.00
Services	2008	EA	7	5,432.63
Services	2009	EA	342	1,707,407.70
Services	2009	EA	40	81,620.06
Services	2012	EA	16	26,800.00
Services	2012	EA	7	1,775.00
Services	2013	EA	18	32,400.00
Services	2014	EA	19	34,200.00
Services	2015	EA	19	36,100.00
Total Account 363				<u>\$2,122,583.34</u> =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 364 - Flow Measuring Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
Flow Meters	2008	Ea.	3	\$13,883.37
Flow Meters	2014	Ea.	2	14,359.80
Flow Meter	2015	Ea.	1	4,972.70
Total Account 364				<u>-----</u> \$33,215.87 <u>=====</u>

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 371 - Pumping Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
<u>Pump Station - Southeast:</u>				
8" Gorman Rupp Pumps	1957	Ea.	4	\$8,841.92
Pump Motors - 30 HP	2016	Ea.	4	5,520.00
<u>Pump Station - Northwest:</u>				
4" Gorman Rupp Pumps	1957	Ea.	2	3,196.34
Pump Motors - 15 HP	2016	Ea.	2	1,102.00
<u>Pump Station - Drexel Hills:</u>				
3" Gorman Rupp Pumps	1982	Ea.	2	7,169.88
Pump Motor - 5 HP	2011	Ea.	1	399.51
Pump Motor - 5 HP	2016	Ea.	1	525.95
<u>WWTP:</u>				
Gorman Rupp Pumps	2014	Lot		377,580.60
Gorman Rupp Sludge Pumps	2014	Lot		149,580.01
Centrifuge Pumps	2014	Lot		55,656.84
Alum Feed Pumps	2014	Lot		29,044.66
Submersible Pumps	2014	Lot		43,566.99
Sump Pumps	2014	Lot		2,178.36
Total Account 371				===== \$684,363.06 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 380 - Treatment & Disposal Equipment

Item	Year Installed	----- Quantity ----- Unit No.	Original Cost
UV Disinfection System	2002	Lot	\$291,110.62
FRP Weirs & Scum Baffles	2014	Lot	21,783.51
Solids Container Handling System	2014	Lot	377,580.60
Duplex Pump Station in EX Tank	2014	Lot	24,397.51
Grinder Pump Station	2014	Lot	18,879.03
Coarse Bubble Aeration	2014	Lot	40,662.53
Utility Water System	2014	Lot	15,585.04
Sluice Gates	2014	Lot	37,758.06
Alum Weir Gates	2014	Lot	60,848.56
Instrumentation	2014	Lot	46,471.47
Cranes & Hoists	2014	Lot	341,274.79
Solid Bowl Decanter Centrifuge	2014	Lot	726,116.55
Oxidation Ditch Equipment	2014	Lot	1,720,135.24
Circular Final Clarifiers	2014	Lot	304,968.95
Rotary Lobe Compressor	2014	Lot	203,312.64
Grit Removal Chamber	2014	Lot	206,217.11
In-Channel Perforated Plate Traveling Belt	2014	Lot	239,618.45
Screenings Compactor	2014	Lot	220,739.44
Alum Feeder	2014	Lot	65,350.50
Emulsion Polymer Feed System	2014	Lot	52,280.39
Shaftless Screw Conveyor	2014	Lot	52,280.39
Add line 123, Revised Water Hook	2014	Lot	5,980.30
Additional Piping Sludge Transfer Pump	2014	Lot	5,877.19
Re-work 2 Existing Alum Chemical	2014	Lot	14,366.95
Rebuild Existing Hycor Unit	2014	Lot	80,453.71
Upgrade Kruger Panel	2014	Lot	26,032.73
Addl VFDs to Control Pumps	2014	Lot	13,517.39
Addl Work at Blowers	2014	Lot	36,111.24
Total Account 380			\$5,249,710.89

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 382 - Outfall Sewer Lines

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
42" RCP Pipe	1957	LF	380	\$12,139.53
Total Account 382				<u>\$12,139.53</u> =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 390 - Office Furniture & Equipment

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Office Desks	1975	Ea.	7	\$2,100.00
Brother Intelli Fax 4100e	2008	Ea.	1	400.00
Computer Dell Optiplex 380, Monitor & Printer	2012	Lot		1,500.00
Computer Dell Optiplex 7010 & Monitor	2012	Lot		1,350.00
Computer Dell Optiplex 3010, Monitor & Printer	2012	Lot		1,500.00
Scada System (Dell Inspiron 660, Monitor & Printer)	2012	Lot		1,500.00
Total Account 390				<u>\$8,350.00</u> =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 391 - Transportation Equipment

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Ford Crown Victoria	2000	Ea.	1	\$20,700.00
Pace Trailer - Camera Equipment	2006	Ea.	1	5,500.00
Chevrolet Silverado 2500	2011	Ea.	1	37,951.00
Plow for pickup	2011	Ea.	2	6,285.00
Chevrolet Silverado 3500	2012	Ea.	1	25,595.00
Total Account 391				<u>\$96,031.00</u> =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 393 - Tools, Shop & Garage Equipment

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
4" Gorman Rupp Portable Pump	1957	Ea.	1	\$638.18
MAS Airpacks (MDL 54471)	1992	Ea.	2	1,434.14
MAS Airpacks (MDL 54471)	1992	Ea.	3	2,151.21
NMAS Airpack (MDL 74471)	1992	Ea.	1	717.07
2" Gorman Rupp Portable Pumps (10088787&)	1995	Ea.	2	1,964.44
Portable Tri-Stand / Pipe Threader	1995	Ea.	1	595.12
Honda Track Snow Blower	1995	Ea.	1	2,600.00
Electric Hoists	1995	Ea.	2	1,445.30
Portable Hoist	1995	Ea.	1	637.63
10 Ton Bearing Press	1995	Ea.	1	500.00
Shoring & Pump	1995	Ea.	1	3,950.00
6" Gorman Rupp Portable Pump (1025177)	1999	Ea.	1	5,101.01
3" Gorman Rupp Portable Pump (970163)	1999	Ea.	1	2,856.57
4" Gorman Rupp Portable Pump (134358)	2005	Ea.	1	4,817.88
3" Gorman Rupp Portable Pump	2005	Ea.	1	3,458.99
Pace Trailer - Camera Equipment	2006	Ea.	1	5,500.00
Aries TV Pipe Line Inspection System (ML)	2006	Ea.	1	70,000.00
John Deere Riding Mower	2008	Ea.	1	6,200.00
Aries TV Pipe Line Inspection System (Lateral)	2010	Ea.	1	48,000.00
Jet Cam TV Inspection System	2010	Ea.	1	10,000.00
Hydraulic Lifting Table - 2,000lbs Capacity	2010	Ea.	1	1,209.93
Power Smoker for Smoke Testing	2012	Ea.	1	2,186.41
Wright Way Electric Hoist	2012	Ea.	1	3,350.00
Gas Powered Valve Operator	2013	Ea.	1	3,552.00
10 Ton Hydraulic Body Repair Kit	2015	Ea.	1	305.00
Total Account 393				----- \$183,170.88 =====

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 394 - Laboratory Equipment

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
Precision Scientific Coliform Incubator	1975	Ea.	1	\$532.75
Auto-Clave Heinicke Co.	1975	Ea.	1	1,370.11
Mettler H31 Scale	1975	Ea.	1	161.44
Corning MP-3A Distiller	1975	Ea.	1	1,502.70
Revco BOD Incubator	2000	Ea.	1	1,625.09
YSI Dissolved Oxygen Meter	2000	Ea.	1	787.92
Small Whirlpool Fridge	2000	Ea.	1	492.45
Hach - PH Meter	2005	Ea.	1	587.11
Lab Line Oven	2005	Ea.	1	1,761.32
Thermolyne Furnace	2016	Ea.	1	4,500.00
Total Account 394				<u>-----</u> \$13,320.89 <u>=====</u>

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Original Cost at October 31, 2016
Account 395 - Power Operated Equipment

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
International Vector Truck	2011	Ea.	1	\$321,986.00
Yale Forklift	2011	Ea.	1	23,650.00
Total Account 395				<u>----- \$345,636.00 =====</u>

Section 3

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Account 271 - Contributions in Aid of Construction

Original Cost at October 31, 2016

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
Operations Building Addition	1975	Lot		\$34,083.35
Garage Addition	1975	Lot		41,515.58
Aerobic Selector Tanks	1975	Lot		18,729.98
Blower & Chemical Building	1975	Lot		48,857.74
Total Account 271				<u>-----</u> \$143,186.65 <u>=====</u>

Section 4

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Summary of Original Cost, Calculated Depreciation Reserve
and Depreciated Original Cost as of October 31, 2016
Based Upon Straight Line Depreciation

Acct. No.	Description	Year Installed	Original Cost at 10/31/16	Service Life	Calculated Depreciation Reserve 10/31/16	Depreciated Original Cost at 10/31/16
<u>Non-Depreciable Plant:</u>						
353.2	Land & Land Rights - Collection System	Various	\$93.50		\$0.00	\$93.50
353.3	Land & Land Rights - Pumping System	Various	3.00		0.00	3.00
353.4	Land & Land Rights - Treatment & Disposal System	Various	29.00		0.00	29.00
Total Non-Depreciable Plant			\$125.50		\$0.00	\$125.50
<u>Depreciable Plant:</u>						
354.3	Structures & Improvements - Pumping	1982	\$29,509.52	40	\$25,329.00	\$4,180.52
354.3	Structures & Improvements - Pumping	1985	94,930.00	40	74,361.83	20,568.17
354.3	Structures & Improvements - Pumping	1991	285,470.50	40	180,797.98	104,672.52
354.3	Structures & Improvements - Pumping	2014	53,662.45	40	3,130.31	50,532.14
354.3	Structures & Improvements - Pumping	2015	22,041.58	40	734.72	21,306.86
Total Account 354.3			\$485,614.05		\$284,353.84	\$201,260.21
354.4	Structures & Improvements - Treatment & Disposal	1957	\$115,643.52	65	\$105,561.78	\$10,081.74
354.4	Structures & Improvements - Treatment & Disposal	1975	419,410.21	65	266,701.88	152,708.33
354.4	Structures & Improvements - Treatment & Disposal	1996	590,948.00	65	184,860.66	406,087.34
354.4	Structures & Improvements - Treatment & Disposal	2014	8,245,208.08	65	295,981.83	7,949,226.25
Total Account 354.4			\$9,371,209.81		\$853,106.15	\$8,518,103.66
355	Power Generation Equipment	2014	\$255,142.38	30	\$19,844.41	\$235,297.97
355	Power Generation Equipment	2015	37,658.42	30	1,673.71	35,984.71
Total Account 355			\$292,800.80		\$21,518.12	\$271,282.68
360	Collection Sewers - Force	1957	\$19,260.35	70	\$16,325.44	\$2,934.91
360	Collection Sewers - Force	1982	4,316.60	70	2,117.19	2,199.41
360	Collection Sewers - Force	2014	1,720,265.66	70	57,342.19	1,662,923.47
Total Account 360			\$1,743,842.61		\$75,784.82	\$1,668,057.79
361	Mains - Gravity	1957	\$1,398,959.84	70	\$1,185,785.01	\$213,174.83
361	Mains - Gravity	1961	11,023.25	70	8,713.62	2,309.63
361	Mains - Gravity	1962	30,703.85	70	23,832.04	6,871.81
361	Mains - Gravity	1982	45,891.00	70	22,508.44	23,382.56
361	Mains - Gravity	1994	62,380.00	70	19,902.19	42,477.81
361	Mains - Gravity	1999	17,969.74	70	4,449.65	13,520.09
361	Mains - Gravity	2007	35,860.00	70	4,781.33	31,078.67
361	Mains - Gravity	2008	14,300.29	70	1,702.42	12,597.87
361	Mains - Gravity	2009	2,459,913.65	70	257,705.24	2,202,208.41
361	Mains - Gravity	2012	397,157.39	70	24,585.93	372,571.46
361	Mains - Gravity	2013	135,315.70	70	6,443.60	128,872.10
361	Mains - Gravity	2014	39,811.00	70	1,327.03	38,483.97
361	Mains - Gravity	2015	84,242.00	70	1,604.61	82,637.39
Total Account 361			\$4,733,527.71		\$1,563,341.11	\$3,170,186.60
363	Services to Customers	1957	\$159,356.34	55	\$159,356.34	\$0.00
363	Services to Customers	1961	905.88	55	905.88	0.00
363	Services to Customers	1962	3,003.00	55	2,966.80	36.40
363	Services to Customers	1982	10,762.56	55	6,718.45	4,044.11
363	Services to Customers	1999	3,530.17	55	1,112.54	2,417.63
363	Services to Customers	2007	19,290.00	55	3,273.45	16,016.55
363	Services to Customers	2008	5,432.63	55	823.13	4,609.50
363	Services to Customers	2009	1,789,027.76	55	238,537.03	1,550,490.73
363	Services to Customers	2012	28,575.00	55	2,251.36	26,323.64
363	Services to Customers	2013	32,400.00	55	1,963.64	30,436.36
363	Services to Customers	2014	34,200.00	55	1,450.91	32,749.09
363	Services to Customers	2015	36,100.00	55	875.15	35,224.85
Total Account 363			\$2,122,583.34		\$420,234.48	\$1,702,348.86
364	Flow Measuring Devices	2008	\$13,883.37	20	\$5,784.74	\$8,098.63
364	Flow Measuring Devices	2014	14,359.80	20	1,675.31	12,684.49
364	Flow Measuring Devices	2015	4,972.70	20	331.51	4,641.19
Total Account 364			\$33,215.87		\$7,791.56	\$25,424.31

Pennsylvania-American Water Company, Inc.

Acquisition of the Borough of New Cumberland - Sewer System

Summary of Original Cost, Calculated Depreciation Reserve
and Depreciated Original Cost as of October 31, 2016
Based Upon Straight Line Depreciation

Acct. No.	Description	Year Installed	Original Cost at 10/31/16	Service Life	Calculated Depreciation Reserve 10/31/16	Depreciated Original Cost at 10/31/16
371	Pumping Equipment	1957	\$12,038.26	25	\$12,038.26	\$0.00
371	Pumping Equipment	1982	7,169.88	25	7,169.88	0.00
371	Pumping Equipment	2011	399.51	25	85.23	314.28
371	Pumping Equipment	2014	657,607.46	25	61,376.70	596,230.76
371	Pumping Equipment	2016	7,147.95	25	95.31	7,052.64
	Total Account 371		\$684,363.06		\$80,765.38	\$603,597.68
380	Treatment & Disposal Equipment	2002	\$291,110.62	40	\$104,314.64	\$186,795.98
380	Treatment & Disposal Equipment	2014	4,958,600.27	40	289,251.68	4,669,348.59
	Total Account 380		\$5,249,710.89		\$393,566.32	\$4,856,144.57
382	Outfall Sewer Lines	1957	\$12,139.53	70	\$10,289.70	\$1,849.83
390	Office Furniture & Equipment	1975	\$2,100.00	20	\$2,100.00	\$0.00
390	Office Furniture & Equipment	2008	400.00	20	166.67	233.33
390	Office Furniture & Equipment	2012	5,850.00	20	1,267.50	4,582.50
	Total Account 390		\$8,350.00		\$3,534.17	\$4,815.83
391	Transportation Equipment	2000	\$20,700.00	10	\$20,700.00	\$0.00
391	Transportation Equipment	2006	5,500.00	10	5,500.00	0.00
391	Transportation Equipment	2011	44,236.00	10	23,592.53	20,643.47
391	Transportation Equipment	2012	25,595.00	10	11,091.17	14,503.83
	Total Account 391		\$96,031.00		\$60,883.70	\$35,147.30
393	Tools, Shop & Garage Equipment	1957	\$638.18	20	\$638.18	\$0.00
393	Tools, Shop & Garage Equipment	1992	4,302.42	20	4,302.42	0.00
393	Tools, Shop & Garage Equipment	1995	11,692.49	20	11,692.49	0.00
393	Tools, Shop & Garage Equipment	1999	7,957.58	20	6,896.57	1,061.01
393	Tools, Shop & Garage Equipment	2005	8,276.87	20	4,690.23	3,586.64
393	Tools, Shop & Garage Equipment	2006	75,500.00	20	39,008.33	36,491.67
393	Tools, Shop & Garage Equipment	2008	6,200.00	20	2,583.33	3,616.67
393	Tools, Shop & Garage Equipment	2010	59,209.93	20	18,749.81	40,460.12
393	Tools, Shop & Garage Equipment	2012	5,536.41	20	1,199.56	4,336.85
393	Tools, Shop & Garage Equipment	2013	3,552.00	20	592.00	2,960.00
393	Tools, Shop & Garage Equipment	2015	305.00	20	20.33	284.67
	Total Account 393		\$183,170.88		\$90,373.25	\$92,797.63
394	Laboratory Equipment	1975	\$3,567.00	15	\$3,567.00	\$0.00
394	Laboratory Equipment	2000	2,905.46	15	2,905.46	0.00
394	Laboratory Equipment	2005	2,348.43	15	1,774.37	574.06
394	Laboratory Equipment	2016	4,500.00	15	100.00	4,400.00
	Total Account 394		\$13,320.89		\$8,346.83	\$4,974.06
395	Power Operated Equipment	2011	\$345,636.00	10	\$184,339.20	\$161,296.80
	Total Depreciable Plant		\$25,375,516.44		\$4,058,228.63	\$21,317,287.81
	Total Plant in Service		\$25,375,641.94		\$4,058,228.63	\$21,317,413.31
<u>Deduct: Account 271 - Contributions in Aid of Construction:</u>						
354.4	Structures & Improvements - Treatment & Disposal	1975	(\$143,186.65)	65	(\$91,052.02)	(\$52,134.63)
	Total Contributions in Aid of Construction		(\$143,186.65)		(\$91,052.02)	(\$52,134.63)
	Total Plant in Service (Net)		\$25,232,455.29		\$3,967,176.61	\$21,265,278.68