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October 18, 2017

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Master License Agreement between PECO Energy Company  
and Southeastern Pennsylvania Transportation Authority  
Docket No.: U-2017-2627504  
Utility Code: 110550**

Dear Ms. Chiavetta:

Enclosed please find PECO Energy Company Reply to the PUC's Second Data Request in the above-captioned matter. Please forward the Reply to Jordan Van Order in the Bureau of Technical Utility Services Department for review.

Thank you for your consideration. If you have any questions or comments, please feel free to contact me.

Very truly yours,

*/s/ Maryellen T. White*

Maryellen T. White  
Paralegal

/mtw  
Enclosure

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF TECHNICAL UTILITY SERVICE

PECO ENERGY COMPANY'S RESPONSE TO DATA REQUEST REGARDING  
THE MASTER LICENSE AGREEMENT BETWEEN PECO ENERGY COMPANY AND  
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

DOCKET NO. U-2017-2627504

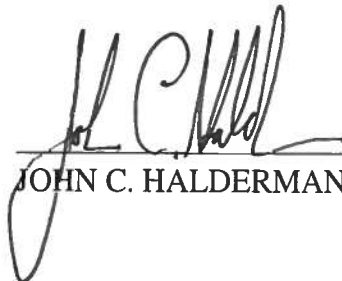
**U-3 Reference Discovery U-2, PECO's response explaining that PECO and SEPTA had separate appraisals performed to determine the annual rent for the right-of-way. Please provide copies of the two appraisals.**

**Response:** Copies of the appraisals performed for each company are attached.

**VERIFICATION**

I, John C. Halderman, Esquire, hereby declare that I am Assistant Corporate Secretary for PECO Energy Company; that as such I am authorized to make this verification on its behalf; that the facts set forth in the foregoing response to the Pennsylvania Public Utility Commission's data request are true to the best of my knowledge, information, and belief, that I expect to be able to prove the same at a hearing held in this matter, and that I make this verification subject to the penalties of 18 Pa. C.S. §4904 pertaining to false statements to authorities.

Dated: 10-18-2017

  
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JOHN C. HALDERMAN



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M I C H A E L J . B A R T H C O M P A N Y

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REAL ESTATE APPRAISALS AND CONSULTING  
126 BEAUMONT PLACE : P. O. BOX 659 : GWYNEDD VALLEY, PA 19437-0659  
Telephone: 215-699-0424 Facsimile: 215-699-0423 E-mail: [mjb@mjbappraisal.com](mailto:mjb@mjbappraisal.com)

SUMMARY

REAL ESTATE APPRAISAL REPORT OF

SEPTA/PECO LONGITUDINAL LICENSES  
SEPTA LINES 412, 414, 417 & 480  
TRAVERSING PHILADELPHIA, MONTGOMERY AND  
DELAWARE COUNTIES, PA

PE FILE #'S P2044, PE1673, D5239 AND P8327

PREPARED FOR

EXELON CORPORATION  
C/O MR. JOHN HALDERMAN, ESQ.  
ASSISTANT GENERAL COUNSEL  
2301 MARKET STREET  
PHILADELPHIA, PA 19103

EFFECTIVE DATE OF APPRAISAL

SEPTEMBER 26, 2016

PREPARED BY

MICHAEL J. BARTH, MAI



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M I C H A E L J . B A R T H C O M P A N Y

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REAL ESTATE APPRAISALS AND CONSULTING  
126 BEAUMONT PLACE : P. O. BOX 659 : GWYNEDD VALLEY, PA 19437-0659  
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October 12, 2016

Exelon Corporation  
c/o Mr. John Halderman, Esq.  
Assistant General Counsel  
2301 Market Street  
Philadelphia, PA 19103

RE: SEPTA/PECO Longitudinal Licenses  
SEPTA Lines 412, 414, 417 & 480  
Traversing Philadelphia, Montgomery and  
Delaware Counties, PA

PE FILE #'S P2044, PE1673, D5239 and P8327

Dear Mr. Halderman:

At your request, we have completed an appraisal to estimate an Annual Market Rental Values for the Longitudinal Licenses that encumber the captioned properties.

At your request we are reporting our findings to you in the form of an Appraisal Report.

This Appraisal Report is intended and is believed to comply with the reporting requirements set forth under the Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. The depth of discussion contained in this report is specific to the needs of the client and is for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

PRIOR APPRAISALS/SERVICES

Michael J. Barth, MAI and/or Michael J. Barth Company has not performed services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

INFORMATION AVAILABLE

The appraiser believes that he has been provided with all information necessary to provide an accurate valuation for the subject property.

COMPETENCY

The appraiser has been appraising commercial and industrial properties for over 39 years, and has held the MAI appraisal designation for 30 of those years. He has appraised many parcels of land, corridors and easements in the suburban Philadelphia area.

ENVIRONMENTAL HAZARDS

No environmental hazards were noted by the appraiser at the time of the inspection.

However, please keep in mind that the appraiser is not an environmental engineer and is not familiar with all of the environmental contaminations that could plague a property. If you are uncertain as to the presence of environmental contamination please contact a qualified specialist.

CLIENT

The client for this appraisal is:

Exelon Corporation  
And  
PECO Energy Company  
Legal Department  
2301 Market Street  
Philadelphia, PA 19103

**MICHAEL J. BARTH COMPANY**

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480  
OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327  
DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA  
October 12, 2016

ACKNOWLEDGEMENT

Your appraiser wishes to acknowledge the contribution made to this report by Megan E. Lewis (PA LAT #000050) of our office. Working under your appraiser's direction Ms. Lewis assisted in the data collection, analyses, conclusions and opinions contained herein. However, your appraiser assumes full responsibility for such data collection, analyses conclusions and opinions.

REAL ESTATE APPRAISED - (The Subject Property)

The subject of this appraisal are four Longitudinal Licenses in which PECO has electric transmission lines that extend along SEPTA's rail corridors.

SEPTA Line 412/PECO Line P2044 extends through southwest Philadelphia from the Delaware County/Philadelphia City Line near 60<sup>th</sup> Street, east to University Boulevard and South Street in southwest Center City Philadelphia.

SEPTA Line 414/PECO Line PE1673 extends from just north of Dekalb Pike in Bridgeport, south through Bridgeport Borough and Upper Merion Township in Montgomery County and Radnor & Haverford Townships in Delaware County, terminating at U.S. Route 1.

SEPTA Line 417/PECO Line D5239 extends from Morton Borough, through Springfield Township, Aldan Borough, Clifton Heights Borough, Lansdowne Borough, Upper Darby Township, and Yeadon Borough in Delaware County, terminating at the west end of Line 412/PE P2044.

SEPTA Line 480/PECO Line P8327 extends from just north of Allens Lane in the Mt. Airy section of northwest Philadelphia, through Germantown to just west of Hunting Park Avenue.

INTENDED USER

The INTENDED USERS are Exelon Corporation and PECO Energy Company.

INTENDED USE

The INTENDED USE of this report is to assist in making a decision regarding what the annual rental payment should be for the Longitudinal Licenses.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

#### INTEREST VALUED

The Fee Simple Interest was estimated.

#### EXTRAORDINARY ASSUMPTIONS

There were no extraordinary assumptions made for this appraisal assignment.

#### HYPOTHETICAL CONDITIONS

There were no hypothetical conditions made for this appraisal assignment.

#### PURPOSE OF THE ASSIGNMENT

The purpose is to estimate the Annual Market Rental Values for the Longitudinal Licenses which make up the subject property.

Market Value (and Market Rental Value) is as defined by the Office of the Comptroller of Currency under 12 CFR, Part 34, Subpart C. As used herein, Market Value may be defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and are acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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EFFECTIVE DATE OF VALUE AND DATE OF INSPECTION

The effective date of value is September 25, 2016. The properties were inspected by Michael J. Barth, MAI and Megan E. Lewis on July 6, July 14 and July 16, 2016.

DATE OF REPORT

The date of this report is October 12, 2016.

SCOPE OF WORK

In preparing this appraisal, the appraisers:

- \* toured the local neighborhood and reviewed the demographics for the local area surrounding the subject;
- \* inspected the subject property;
- \* reviewed the topographic, tax, flood plain and zoning map and zoning ordinance for the site;
- \* gathered information on comparable land sales of similar parcels of land in the surrounding neighborhoods;
- \* confirmed all comparable sales with at least one party to the transaction, or a broker involved in the transaction;
- \* analyzed the data and applied the Cost, Sales Comparison and Income Capitalization Approaches, as appropriate;
- \* reconciled a final value conclusion.

REPORT OPTION

This report is an Appraisal Report in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) for an Appraisal Report. As requested by the client, we have also presented our facts and analyses in a Summary format. As such, it presents sufficient information to enable only the client and intended users, as identified, to understand it properly.

**MICHAEL J. BARTH COMPANY**

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

LOCALITY

The subject property is comprised of four SEPTA owned corridors which extend which traverse west and northwest Philadelphia, Bridgeport Borough and Upper Merion Township in Montgomery County and Radnor Township, Haverford Township, Morton Borough, Springfield Township, Aldan Borough, Clifton Heights Borough, Lansdowne Borough, Upper Darby Township, and Yeadon Borough in Delaware County.

The areas around the subject corridors are generally urban and suburban developed areas, all within the PECO Energy Company distribution area.

Summarized below are the population statistics in 1990, 2000 and 2010 Census data for the nine county Philadelphia area.

PHILADELPHIA PMSA POPULATIONS

<u>COUNTY</u>	<u>1990</u>	<u>2000</u>	<u>% CHANGE</u> <u>1990-2000</u>	<u>2010</u>	<u>%CHANGE</u> <u>2000-2010</u>
<b>Philadelphia</b>	<b>1,585,577</b>	<b>1,517,550</b>	<b>(4.3)</b>	<b>1,526,006</b>	<b>0.6</b>
Bucks	541,174	597,635	10.4	625,249	4.6
Chester	376,396	433,501	15.2	498,886	15.1
<b>Delaware</b>	<b>547,651</b>	<b>550,864</b>	<b>0.6</b>	<b>558,979</b>	<b>1.5</b>
<b>Montgomery</b>	<b>678,111</b>	<b>750,097</b>	<b>10.6</b>	<b>799,874</b>	<b>6.6</b>
Burlington	395,066	423,394	7.2	448,734	6.0
Camden	502,824	508,932	1.2	513,657	0.9
Gloucester	<u>230,082</u>	<u>254,673</u>	<u>10.7</u>	<u>288,288</u>	<u>13.2</u>
Totals	4,856,881	5,036,646	3.7	5,259,673	4.4

Source: U.S. Census Bureau

As can be seen from the above chart, Montgomery County is the only county in which the subject corridors are located, which had an increase in population above the average for the region. Philadelphia and Delaware Counties had slight increases, mostly due to the lack of land available for new development.

The populations in the municipalities within which the subject corridors are is situated have seen rates of population change generally below the Countywide average. This, again, is due to the fact that the areas in which the subject corridors traverse, there is little or no land for new development. Combined with a declining average household size, the population increases have slowed or even declined. Population counts for the municipalities in which the subject corridors are situated are charted on the following page.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480  
OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327  
DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA  
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SUBJECT AREA POPULATION CHANGES

<u>Municipality</u>	<u>Census</u> <u>1990</u>	<u>%</u> <u>Change</u>	<u>Census</u> <u>2000</u>	<u>%</u> <u>Change</u>	<u>Census</u> <u>2010</u>
Bridgeport Borough	4,292	1.8%	4,371	4.2%	4,554
Upper Merion Township	25,722	4.4%	26,863	5.7%	28,395
Montgomery County Totals	678,111	10.6%	750,097	6.6%	799,874
Aldan Borough	4,549	-5.2%	4,313	-3.7%	4,152
Clifton Heights Borough	7,111	-4.7%	6,779	-1.9%	6,652
Haverford Township	49,848	-2.7%	48,498	0.0%	48,491
Lansdowne Borough	11,712	-5.7%	11,044	-3.8%	10,620
Morton Borough	2,851	-4.8%	2,715	-1.7%	2,669
Radnor Township	28,703	7.6%	30,878	2.1%	31,531
Springfield Township	24,160	-2.0%	23,677	2.3%	24,211
Upper Darby Township	81,177	0.8%	81,821	1.2%	82,795
Yeadon Borough	11,980	-1.8%	11,762	-2.7%	11,443
Delaware County Totals	547,651	0.6%	550,864	1.5%	558,979
Philadelphia City Totals	1,585,577	-4.3%	1,517,500	0.6%	1,526,006

Source: U.S. Census Bureau

The August, 2016 PA State Civilian Labor Force data indicates that the Philadelphia unemployment rate was 7.1%, Delaware County's unemployment rate was 5.1% and Montgomery County's unemployment rate was 4.3%. Philadelphia's rate was slightly higher than the average for the entire State of Pennsylvania and Delaware and Montgomery County rates were below the State average of 5.7%. These rates placed Philadelphia, Delaware County and Montgomery County as having the ranks of 51<sup>st</sup>, 13<sup>th</sup> and 4<sup>th</sup>, respectively.

Access to the local area is very good, with major highways near the subject corridors including I-76 (Schuylkill Expressway), I-276 (PA Turnpike from Valley Forge to NJ State Line), I-476 (The Blue Route from I-95 in Chester, north to Wilkes Barre and Scranton), US Routes 13 and 30, and PA Routes 3, 320 and 420.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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The areas that the subjects traverse are predominantly suburban/urban, passing mostly through developed residential, industrial and commercial areas.

Thus, the outlook for the surrounding locale is for continued desirability.

#### OWNERSHIP AND OCCUPANCY

The four subject corridors are under the ownership of SEPTA. Researching the exact titled names and ownership history was beyond the scope of this appraisal. The four subject lines have been in operation by SEPTA for over 25 years and their ownership was assumed for appraisal purposes.

SEPTA uses the #412, #417 and #480 corridors for commuter rail lines in Philadelphia and surrounding suburban areas. The #414 rail line is operated as the Norristown High Speed Rail Line which connects Norristown with Upper Darby.

PECO/Exelon has leased portions of these rail corridors for over 50 years, via Longitudinal Licenses which were originally made when the rail lines were operated by the Philadelphia Suburban Transportation Company and the Pennsylvania Railroad. SEPTA took over operation of the rail corridors after the railroad bankruptcies. PECO/Exelon utilizes portions of these lines for electric power line corridors.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

LAND

The subject of this appraisal is comprised of four corridors as described as follows:

SEPTA Line 412/PECO Line P2044 extends through southwest Philadelphia from the Delaware County/Philadelphia City Line near 60<sup>th</sup> Street east to University Boulevard and South Street in southwest center city Philadelphia.

This corridor is generally 66' wide and 3.1 miles long. Including road crossings the corridor contains a total of 24.08 acres of land. Based on our parcelization of the ground, which excludes the road crossings, we have estimated that this corridor contains a total of 14,690 lineal feet of owned land, or a total of 22.26 acres for the 66' wide corridor. The corridor width varies slightly due to changes in grade level, extra land needed for over and underpasses and for SEPTA station/parking lot areas.

PECO/Exelon occupies the aerial portion over the SEPTA rail tracks and overhead power lines, between the catenary poles. We have used an estimated 33% of the width of the corridor as the portion that PECO occupies. Since PECO occupies only the aerial portion over the train tracks and power lines, PECO is considered to be occupying 40% of the height of the corridor. A Cross Section of the right-of-way, showing PECO's usage is shown on the following page.

The topography along the corridor is generally level, with minor grade changes.

All public utilities in the area surrounding the subject are available to lots and parcels of land. These include public water and sewer services, electricity, natural-gas and communications lines.

The existing PECO power lines will remain along the corridor. We are not aware of any other underground pipes, wires or easements, if any. None are assumed.

No other easements were considered to be within the area occupied by PECO. Some sections of the right-of-way were noted to be occupied by others for parking, etc.

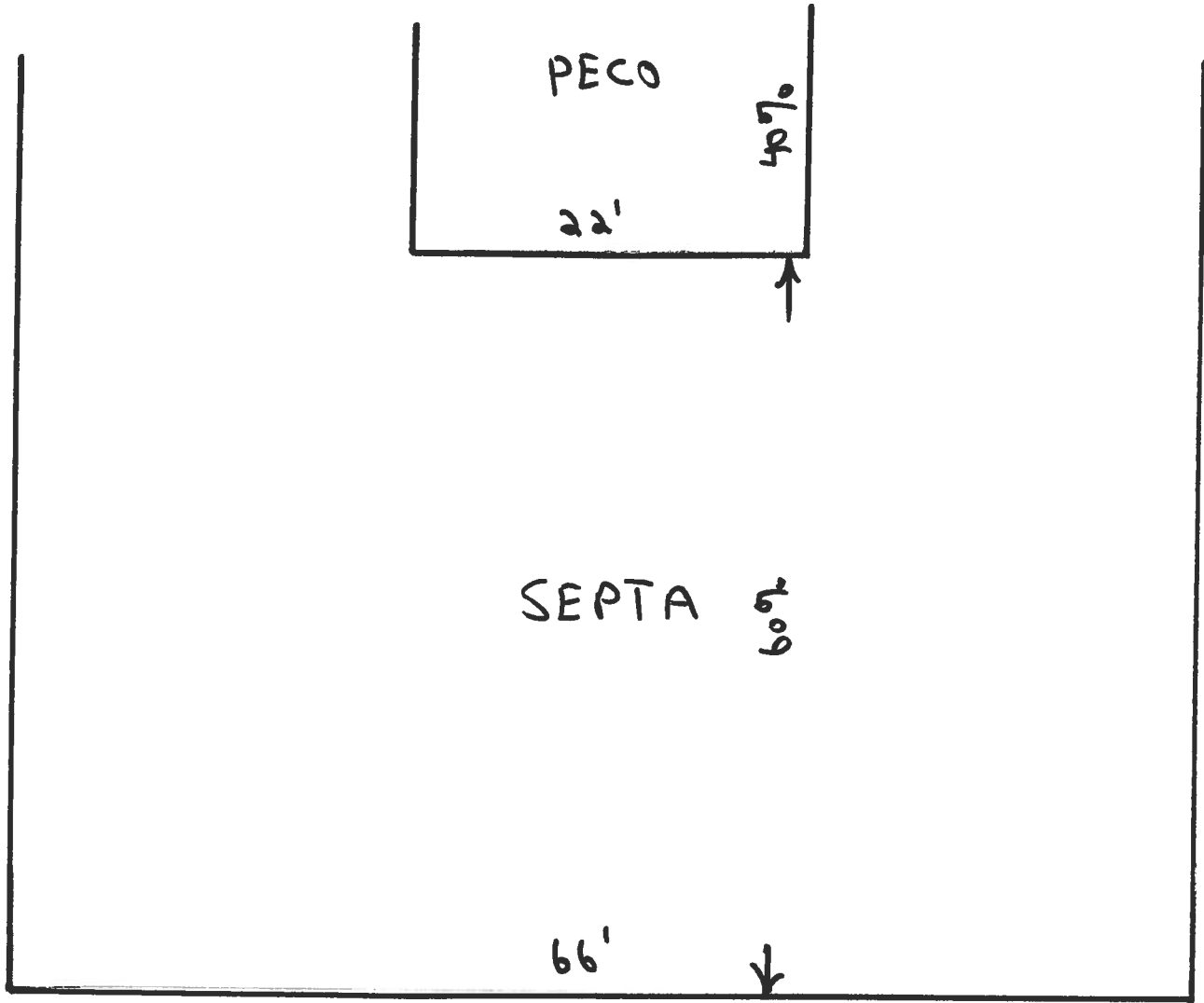
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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 10, 2016



SEPTA LINE 412 / PECO P2044

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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SEPTA Line 414/PECO Line PE1673 extends from Just north of Dekalb Pike in Bridgeport, south through Bridgeport Borough and Upper Merion Township Montgomery County and Radnor & Haverford Townships, in Delaware County.

This corridor is generally 118' wide and a total of 10.21 miles long. Including road crossings the corridor contains a total of 154.7 acres of land. Based on our parcelization of the ground, which excludes the road crossings, we have estimated that this corridor contains a total of 53,903 lineal feet of owned land, or a total of 146.02± acres for the 118' wide corridor. The corridor width varies slightly due to changes in grade level, extra land needed for over and underpasses and for SEPTA station/parking lot areas.

PECO/Exelon occupies the strips of land along one and part two sides of the corridor for their overhead power lines. We have used an estimated 20% of the width of the corridor as the portion that PECO occupies from the north end to just north of New Gulph Road. Then beginning from just north of New Gulph Road to the south end at City Line Avenue, PECO occupies 40% of the width of the right of way because PECO also has a high tension power line extending along the right of way. Since PECO occupies only the aerial portion, PECO is considered to be occupying 40% of the height of the corridor. Two Cross Sections of the right-of-way, showing PECO's usage is shown on the following page.

The topography along the corridor is generally level, with minor grade changes.

All public utilities in the area surrounding the subject are available to lots and parcels of land. These include public water and sewer services, electricity, natural-gas and communications lines.

The existing PECO high tension power lines will remain along the corridor. We are not aware of any other underground pipes, wires or easements, if any. None are assumed.

No other easements were considered to be within the area occupied by PECO. Some sections of the right-of-way were noted to be occupied by others for parking, etc.

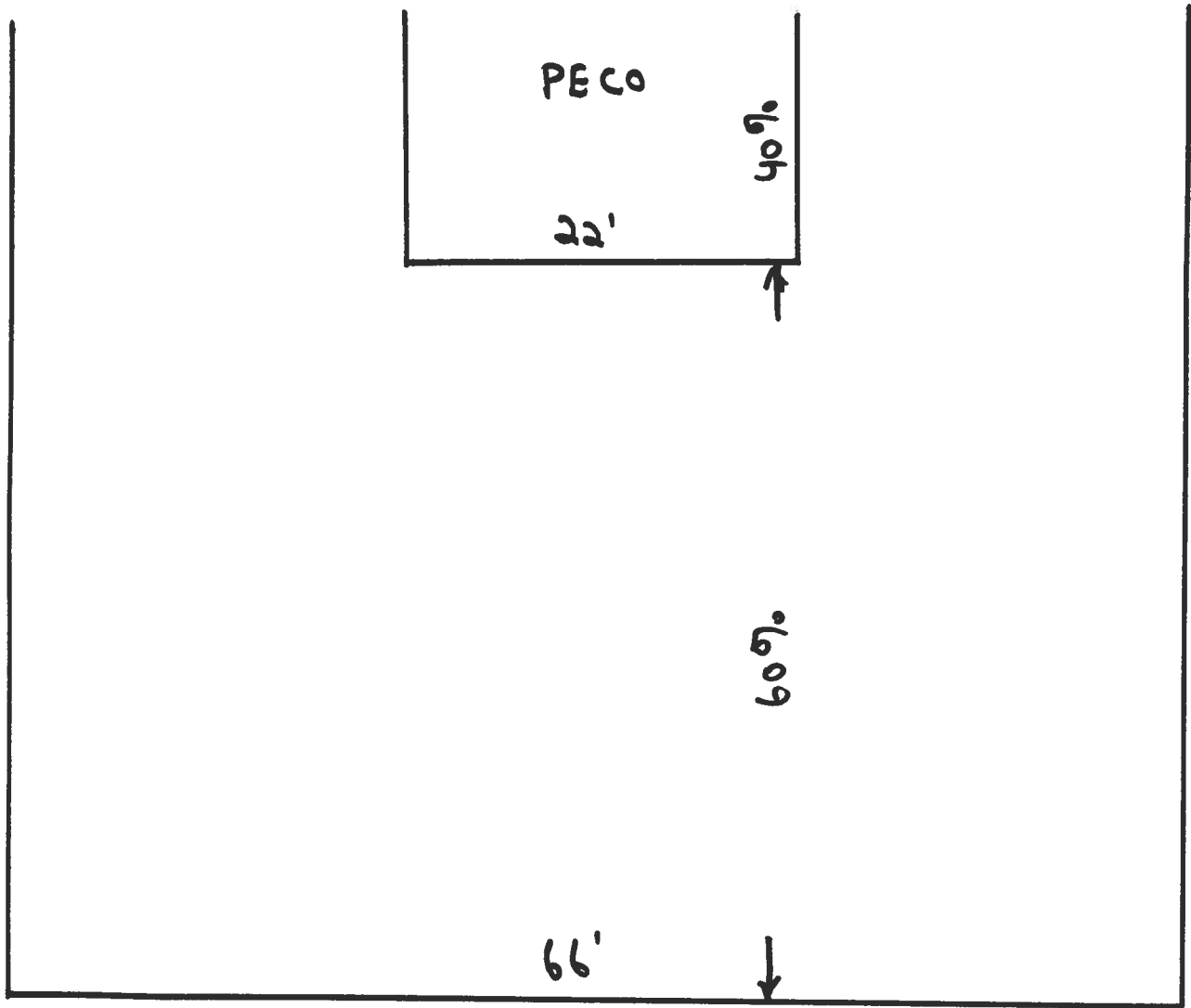
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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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SEPTA LINE 414 / PECO PE1673

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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SEPTA Line 417/PECO Line D5239 extends from Morton Borough, through Springfield Township, Aldan Borough, Clifton Heights Borough, Lansdowne Borough, Upper Darby Township, and Yeadon Borough in Delaware County, terminating at the west end of Line 412/PE P2044.

This corridor is generally 66' wide and a total of 5.2 miles long. Including road crossings the corridor contains a total of 41.60 acres of land. Based on our parcelization of the ground, which excludes the road crossings, we have estimated that this corridor contains a total of 26,425 lineal feet of owned land, or a total of 40.04 acres for the 66' wide corridor. The corridor width varies slightly due to changes in grade level, extra land needed for over and underpasses and for SEPTA station/parking lot areas.

PECO/Exelon occupies the aerial portion over the SEPTA rail tracks and overhead power lines, between the catenary poles. We have used an estimated 33% of the width of the corridor as the portion that PECO occupies. Since PECO occupies only the aerial portion over the train tracks and power lines, PECO is considered to be occupying 40% of the height of the corridor. A Cross Section of the right-of-way, showing PECO's usage is shown on the following page.

The topography along the corridor is generally level, with minor grade changes.

All public utilities in the area surrounding the subject are available to lots and parcels of land. These include public water and sewer services, electricity, natural-gas and communications lines.

The existing PECO high tension power lines will remain along the corridor. We are not aware of any other underground pipes, wires or easements, if any. None are assumed.

No other easements were considered to be within the area occupied by PECO. Some sections of the right-of-way were noted to be occupied by others for parking, etc.

We note that SEPTA is proposing to combine Lines #412 and #417, as they are the same corridor, except that Line #412 is within Philadelphia and Line #417 is within Delaware County. For valuation purposes, we have completed our analysis of the two lines separately.

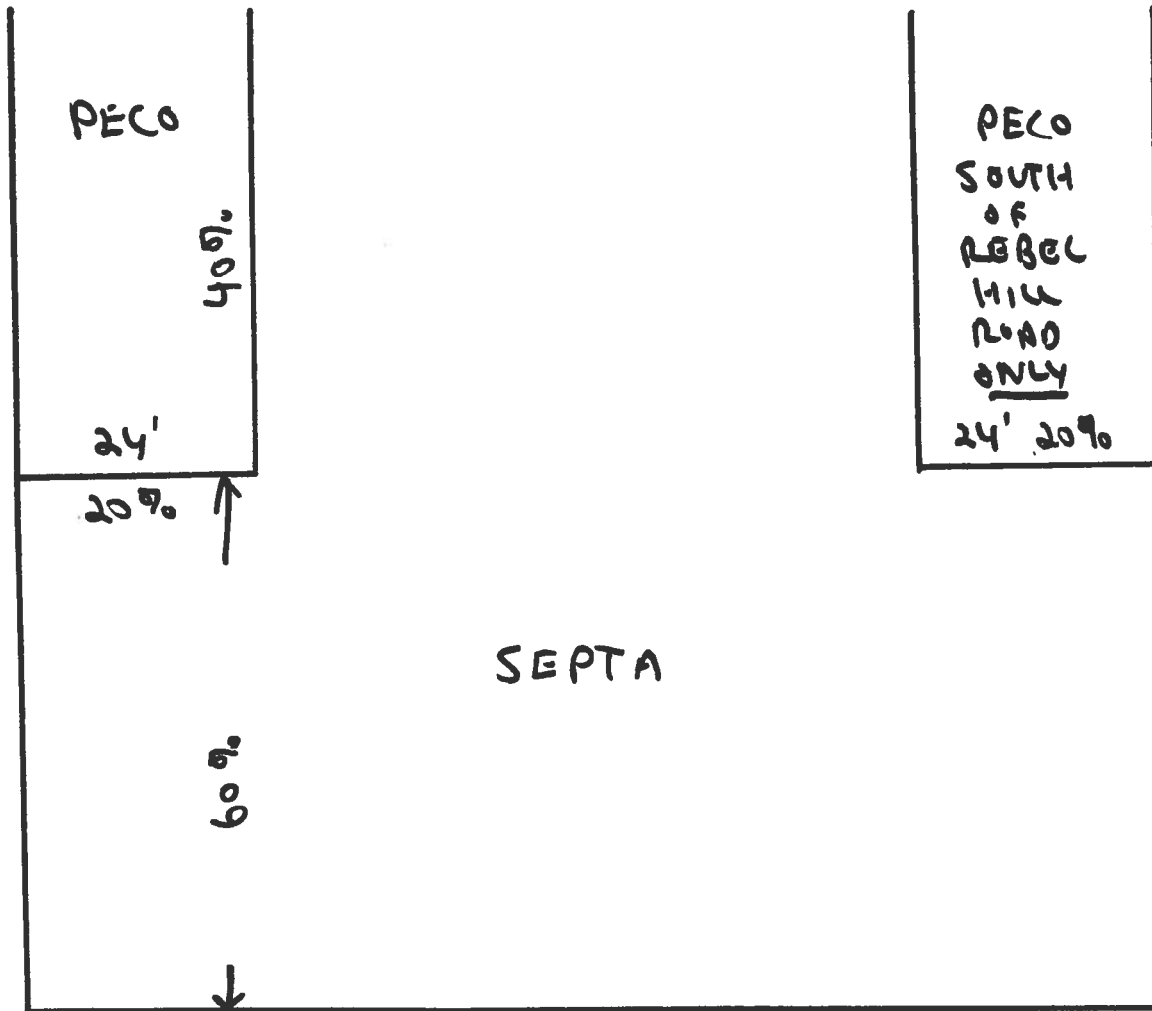
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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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SEPTA LINE 417 / PECO D5293

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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SEPTA Line 480/PECO Line P8327 extends from just north of Allens Lane in the Mt. Airy section of northwest Philadelphia, through Germantown to just west of Hunting Park Avenue.

This corridor is generally 100' wide and 3.99 miles long. Including road crossings the corridor contains a total of 48.4 acres of land. Based on our parcelization of the ground, which excludes the road crossings, we have estimated that this corridor contains a total of 19,109 lineal feet of owned land, or a total of 43.87 acres for the 100' wide corridor. The corridor width varies slightly due to changes in grade level, extra land needed for over and underpasses and for SEPTA station/parking lot areas.

PECO/Exelon occupies the aerial portion over the SEPTA rail tracks and overhead power lines, between the catenary poles. We have used an estimated 50% of the width of the corridor as the portion that PECO occupies. Since PECO occupies only the aerial portion over the train tracks and power lines, PECO is considered to be occupying 40% of the height of the corridor. A Cross Section of the right-of-way, showing PECO's usage is shown on the following page.

The topography along the corridor is generally level, with minor grade changes.

All public utilities in the area surrounding the subject are available to lots and parcels of land. These include public water and sewer services, electricity, natural-gas and communications lines.

The existing PECO power lines will remain along the corridor. We are not aware of any other underground pipes, wires or easements, if any. None are assumed.

No other easements were considered to be within the area occupied by PECO. Some sections of the right-of-way were noted to be occupied by others for parking, etc.

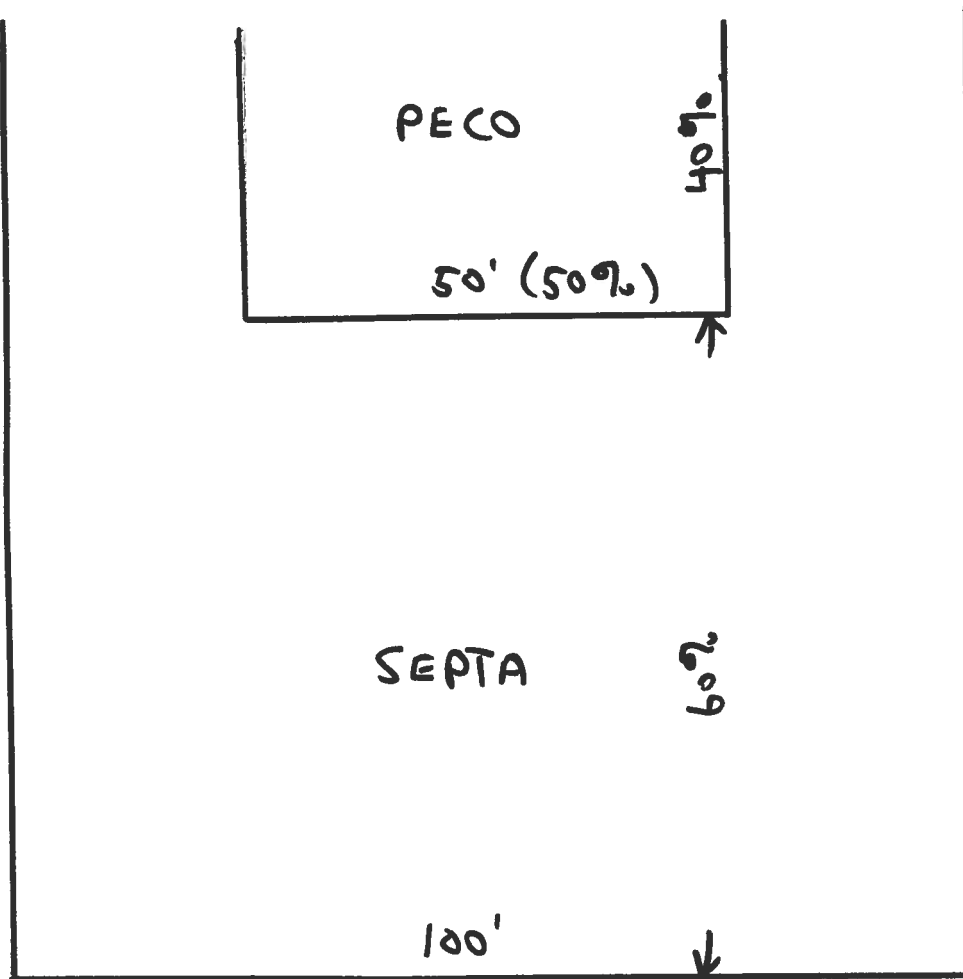
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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 10, 2016



SEPTA LINE 480 / PECO P8327

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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### Flood Hazard

None of the subject corridors are known to be completely within a Flood Plain zone. However, there are some crossings, where the corridor goes over a creek or other Flood Plain zone. We do not consider the Flood Plain areas to adversely affect the subject corridors. Also, as the subject is an aerial easement, which would go over any Flood Plains which might pass through or along the subject corridors, there is no perceived affect on value.

### IMPROVEMENTS

The subject is effectively vacant land. On Lines #412, #417 and #480, the sections of right-of-way that PECO is over the SEPTA railroad tracks, PECO has attached to the SEPTA catenary poles which support the power lines for the trains. On Line #414, PECO's power lines are supported by both wooden poles and High Tension Line towers and poles, which are located to the side of the SEPTA rail line(s).

### ZONING

The Zoning of the land within the corridor and adjoining uses was checked utilizing the Zoning Maps and Ordinances for each of the municipalities through which the subject corridors extend. The Zoning classification of each of the parcels that we have allocated for valuation is shown on the Parcel Valuation sheets which are exhibited in the valuation section.

Mr. John Halderman, Esq.

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#### REAL ESTATE ASSESSMENT AND TAXES

The subject corridors are tax exempt, as they are utilized as public utility corridors. Thus, there is no real estate tax assessment information which is applicable for this valuation analysis. For this reason, we have not presented the individual tax parcels for the subject property.

We have retained in our files, the tax maps showing the individual tax parcels which make up the subject property.

#### HIGHEST AND BEST USE

Use of the subject corridor is physically possible, legally permissible, financially feasible and maximally productive as a utility corridor.

The Highest and Best Use of each of the (Sub) Parcels which we have made for our analysis, is based on the adjoining uses along the corridor. The use with the higher value, unless topography dictates that that use is not viable, was utilized in our value analysis.

In our opinion, the highest and best use of the subject rights-of-way, both as vacant and as improved is for continued use as rail corridors, with adjunct electric transmission line corridors, as presently improved and utilized.

#### INDICATED EXPOSURE AND MARKETING TIME

About one year.

#### COMMENTS ON VALUATION

The Sales Comparison Approach was considered as the only applicable approach to value, as the subject sites are effectively vacant ground. The Income Capitalization and Cost Approaches were considered, but were felt to be not applicable because this valuation involves land only.

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#### SALES COMPARISON APPROACH

In the Sales Comparison Approach, similar properties are related to the subject property. Adjustments for dissimilarities are made, leading to an indication of the price at which the property being appraised could be expected to sell.

We have estimated the "Across-The-Fence" (ATF) land value for land in the areas surrounding the subject parcels locations. This provides the appraiser with an estimate of what the land value is for a "typical" parcel of land in the immediate area surrounding the subject.

The area immediately surrounding the subject is generally used for residential, commercial or industrial development. Lot sizes vary from small residential building lots in Philadelphia's as small as 1,000 square feet to residential buildings lots of 10,000 to 25,000 square feet in Delaware County, to lots of an acre or larger in Montgomery County.

We will describe the valuation analysis for each line separately.

#### SEPTA Line 412/PECO Line P2044

The comparable sales utilized in determining the Across-The-Fence (ATF) value per square foot of land are summarized on the following page. These sales represent a cross section of each type of use to provide an average unit value for each type of use. These sales are summarized on the following page.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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SUMMARY OF COMPARABLE SALES FOR LINE #412

<u>SALE NO.</u>	<u>LOCATION</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>LAND AREA (SF +/-)</u>	<u>ZONING</u>	<u>SALE PRICE/SF</u>
<u>RESIDENTIAL LAND SALES</u>						
1	1230 S 58th Street	3-15	\$8,200	2,997	RSA3	\$2.74
2	5242 Webster Avenue	10-15	13,100	1,755	RSA3	7.46
3	4918 Paschall Avenue	8-15	9,700	1,050	RSA5	9.24
4	930 S. St. Bernard St	9-12	22,500	2,100	RSA3	10.71
5	1215 S 46th Street	7-15	35,000	2,860	RSA5	12.24
6	4658 Linmore Avenue	7-14	9,500	777	RSA5	12.23
<u>SUBJECT</u>	<u>ATF RESIDENTIAL LOT</u>	<u>9-16</u>				<u>\$10.00</u>
<u>ATF</u>	<u>ATF RESIDENTIAL LAND</u>	<u>9-16</u>				<u>\$5.00</u>
<u>COMMERCIAL LAND SALES</u>						
7	5219 Woodland Avenue	4-14	\$12,000	1,640	CMX2	\$7.32
8	433 S 60th Street	7-13	10,000	1,296	CMX2	7.72
9	1442 Grays Ferry Road	5-14	14,000	1,625	CMX2	8.62
10	4831 Woodland Avenue	10-15	23,000	1,872	CMX2	12.29
11	540 S 52nd Street	9-15	31,000	1,469	CMX2	21.10
12	5048 Baltimore Avenue	10-14	36,000	1,338	CMX2	26.91
<u>SUBJECT</u>	<u>ATF COMMERCIAL LOT</u>	<u>9-16</u>				<u>\$15.00</u>
<u>ATF</u>						
<u>INDUSTRIAL LAND SALES</u>						
13	6318 Passyunk Ave	6-16	\$4,700,000	1,572,516	I-3	\$2.99
14	3001 Ormes Street	3-13	77,000	23,958	I-2	3.21
15	5210 Lindberg Blvd.	10-14	300,000	87,286	RM1 - INDL	3.44
16	2950 Castor Avenue	10-13	600,000	168,577	I-2	3.56
17	2339-49 N 3rd St	10-13	130,000	30,492	RM1 _ INDL	4.26
18	2210 W. Westmoreland	1-14	120,000	19,222	I-1	6.24
<u>SUBJECT</u>	<u>ATF INDUSTRIAL LAND</u>	<u>9-16</u>				<u>\$3.50</u>
<u>ATF</u>						

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Mr. John Halderman, Esq.

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#### Residential Lot ATF Valuation

Sales No. 1 through 6 reflect a variety of sales of residential building lots in the area, ranging from 777 to 2,997 square feet and indicate a range of unit rates from \$2.74 to \$12.24 per square foot. We have concluded an ATF value of \$10.00 per square foot, which is midway between the six sales.

#### Residential Land ATF Valuation

Because this section of the City is effectively fully developed, there are no land sales available for comparison to estimate a value for residential land in the area which is not already subdivided into building lots. Land parcels are generally over one acre and would need subdivision approvals and streets & utilities installed to create building lots. Residential Land exists in a few places adjoining the right-of-way in the form of recreational parks or a cemetery.

In order to derive a residential Land ATF value, we have utilized the residential Lot valuation derived above and applied a 50% reduction to provide for subdivision and site development costs, as well as entrepreneurial profit to the developer. Thus, applying a 50% reduction to the ATF Lot Value of \$10.00 per square foot, indicates a Residential Land ATF Value of \$5.00 per square foot.

#### Commercial Lot ATF Valuation

Sales No. 7 through 12 reflect a variety of sales of commercial building lots in the area, ranging from 1,296 to 1,872 square feet and indicate a range of unit rates from \$7.32 to \$26.91 per square foot. We have concluded an ATF value of \$15.00 per square foot, which is higher than four sales, but lower than two sales. This recognizes the wide range of unit values as well as the improving commercial market since the recession.

#### Industrial Lot ATF Valuation

Sales No. 13 through 18 reflect a variety of sales of industrial sites in the area, ranging from 19,222 to 1,572,516 square feet and indicate a range of unit rates from \$2.99 to \$6.24 per square foot. We have concluded an ATF value of \$3.50 per square foot, midway between the six sales.

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Civic Center Lot ATF Valuation

Commercial Lot Sales No. 7 through 12 reflect a variety of sales of commercial sites in the area, ranging from 1,296 to 1,872 square feet and indicate a range of unit rates from \$7.32 to \$26.91 per square foot. We had concluded a Commercial Lot ATF value of \$15.00 per square foot. For the Civic Center Boulevard area, the intense development has created high demand for the land along this corridor. We have concluded an ATF value of \$22.50 per square foot, which is 1.5 times the Commercial Land values for the area.

SEPTA Line 412/PECO Line P2044 (Conclusion)

Exhibited on the following page is our "Parcelization" of the corridor. We have divided the corridor into segments where the highest and best use changes. On the following page is our Parcel Valuation Summary which shows the Zoning classification of the Subject corridor segment, Zoning on both sides of the corridor and our concluded Highest and Best Use (HBU). We then scaled the length of that parcel and multiplied the length by the width of the corridor. This corridor width was assigned by SEPTA and we concluded that the width assigned by SEPTA was correct and fair.

**SEPTA 412 /PECO LINE P2044 - PARCEL VALUATION SUMMARY**

PARCEL LOCATION	SUBJECT ZONING	ZONING NORTH SIDE	ZONING SOUTH SIDE	ADJOINING HBU	CORRIDOR WIDTH IN FEET	PARCEL LENGTH IN FEET	LAND AREA OF PARCEL IN SF	ATF VALUE PER SF	CORRIDOR MULTIPLIER	CORRIDOR VALUE
1	City Limit to 60th St	RSA-5	SP-POA-A	Res Lots	66	285	18,810	\$10.00	2.00	\$376,200
2	60TH St TO 59TH St	RSA-5	SP-POA-A	Resid Land	66	515	33,990	\$5.00	2.00	339,900
3	59TH St to 58th St	I-2, Ind.	RSA-5	Res Lots	66	525	34,650	\$10.00	2.00	693,000
4	58TH St TO 57TH St	I-2, Ind.	CA-2, CMX-2	Commercial	66	520	34,320	\$15.00	2.00	1,029,600
5	57th St to 56th st	I-2, Ind.	RM-1	Res Lots	66	870	57,420	\$10.00	2.00	1,148,400
6	56th St to Thomas Ave	RSA-3,I-2	I, RM-1	Res Lots	66	920	60,720	\$10.00	2.00	1,214,400
7	Thomas Ave to 52nd St	I-2, Ind.	I-2	Industrial	66	1,310	86,460	\$3.50	2.00	605,220
8	52nd st to 120' E of Florence	CMX-2	CMX-2	Commercial	66	310	20,460	\$15.00	2.00	613,800
9	120' E of Florence to Warrington	RM-1	RM-1, CMX-2	Res Lots	66	515	33,990	\$10.00	2.00	679,800
10	Warrington Ave to Springfield Av	I-2, Ind.	CMX-2	Industrial	66	590	38,940	\$3.50	2.00	272,580
11	Springfield Ave to Chester Ave	CMX-2	RM-1, CMX-2	Res Lots	66	485	32,010	\$10.00	2.00	640,200
12	Chester Av to 49th st	SP-PO-A	SP-PO-A	Resid Land	66	330	21,780	\$5.00	2.00	217,800
13	49th St to 460' E of Kingsessing	RSA-3 & 5	RSA-5	Res Lots	66	520	34,320	\$10.00	2.00	686,400
14	460' E of King to Woodland	ICMX	ICMX	Industrial	66	510	33,660	\$3.50	2.00	235,620
15	Woodland Av to s 47th St	CMX-2	CMX-2	Res Lots	66	340	22,440	\$10.00	2.00	448,800
16	S 47th St to 170' E of Melville	I-2, Ind.	I	Res Lots	66	795	52,470	\$10.00	2.00	1,049,400
17	170' E of Melville to S of 42nd st	I-2, Ind.	I-2, Ind.	Industrial	66	700	46,200	\$3.50	2.00	323,400
18	S of 42nd St to University Av	I-2, Ind.	I-2	Resid Land	66	1,760	116,160	\$5.00	2.00	1,161,600
19	University Ave to South St End	I-2, Ind.	RM-4	Civic Ctr Com	66	<u>2,890</u>	<u>190,740</u>	\$22.50	2.00	<u>8,583,300</u>
	Residential Lots Per SF Avg.		\$10.00						Total Corridor Value	\$20,319,420
	Residential Land Per SF Avg.		\$5.00							
	Commercial Land/SF Avg.		\$15.00							
	Industrial Land/SF Avg.		\$3.50							
	Civic Center Blvd Land Per SF		\$22.50							
							969,540 (Total Corridor Area in SF)			
						14,690 (Total Feet Excluding Roads)				
						2.78 (Total Miles Excluding Roads)				

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Because we are estimating the value for the corridor, we have applied a corridor assembly factor range of 2.0 times the Unencumbered ATF Fee value. This multiplier reflects the additional costs that would be incurred in assembling a corridor, having to deal with many different property owners, who most likely will not all be willing to sell to the utility for the corridor, and will have to be enticed with an above market price in order to sell.

The resulting land area of the parcel was multiplied by the appropriate Per Square Foot land value to determine the value of that particular segment of the corridor.

The value of the individual segments is summed to arrive at a total corridor value.

We then applied factors that represent the area of the corridor that PECO occupies.

First a % of the Width Factor is applied representing how wide across a cross section of the corridor that PECO occupies. For this we have used a 33% Width factor.

Second, a % of the Height (or Aerial) Factor is applied to reflect that PECO is only using the Aerial Portion of the corridor. For this we have used a 40% factor, reflecting that the Aerial section of property is less valuable than the ground level, since one needs the ground level to build any structures.

These Factors are shown on the Cross Sections that were displayed in the Subject Property section.

Lastly we applied a 6% Rental Rate Factor as the percentage of the Fee Value that would be paid on an annual basis to rent the corridor from the owner.

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Our calculations to determine the Longitudinal Easement Annual Rental Value are charted below:

Unencumbered Fee Value (SEPTA Line 412/PECO Line P2044)	\$20,319,420
Width Factor	x 0.33
Aerial Factor	x 0.40
Rental Rate	<u>x 0.06</u>
Indicated Longitudinal Easement Annual Rental Value \$	160,930
(SEPTA Line 412/PECO Line P2044)	

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SEPTA Line 414/PECO Line PE1673

The comparable sales utilized in determining the Across-The-Fence (ATF) value per square foot of land are summarized on the following page. These sales represent a cross section of each type of use to provide an average unit value for each type of use. These sales are summarized on the following two pages.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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SUMMARY OF COMPARABLE SALES FOR LINE #414

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<u>SALE NO.</u>	<u>LOCATION</u>	<u>SALE</u>	<u>SALE PRICE</u>	<u>LAND AREA</u>	<u>ZONING</u>	<u>SALE</u>
<u>RESIDENTIAL LOT SALES - U Merion-Havertown</u>						
1	497 Winton Avenue Haverford Township	10-14	\$60,000	9,000	R-1	\$6.67
2	1020 Mt. Pleasant Ave U Merion Township	1-14	105,000	14,200	R3	7.39
3	123 Wilson Road U Merion Township	8-14	80,000	7,500	R2	10.67
4	345 W. Turnbull Ave Haverford Township	12-15	65,000	6,098	R	10.66
5	2 Lots Oxford Rd Haverford Township	7-15	201,000	10,000	R	20.10
<u>SUBJECT</u>	<u>ATF RESIDENTIAL LOT</u>	<u>9-16</u>				<u>\$7.50</u>
<u>ATF</u>	<u>ATF RESIDENTIAL LAND</u> (U Merion-Havertown)	<u>9-16</u>				<u>\$3.75</u>
<u>RESIDENTIAL LOT SALES - Haverford-Villanova-Radnor</u>						
6	739 S. Roberts Road Radnor Township	9-14	\$372,500	93,254	R1	\$3.99
7	197 S. Spring Mill Road Radnor Township	2-16	455,100	87,120	R2	5.22
8	719 S Bryn Mawr Ave Radnor Township	6-13	300,000	55,060	R1	5.45
9	200 Ithan Creek Rd #2 Radnor Township	6-14	380,000	53,817	R1	7.06
10	Lot 38 Cornersone Ln Radnor Township	12-12	285,000	28,767	R1	9.91
<u>SUBJECT</u>	<u>ATF RESIDENTIAL LOT</u>	<u>9-16</u>				<u>\$5.00</u>
<u>ATF</u>	<u>ATF RESIDENTIAL LAND</u> (Haverford-Villanova-Radnor)	<u>9-16</u>				<u>\$2.50</u>
<u>APARTMENT LAND SALES</u>						
11	134 Plymouth Road Plymouth Township	9-12	\$14,007,000	850,727	ID	\$16.46
12	Bridge Street Phoenixville Boro	7-13	8,496,000	282,704	FCE	30.05
13	PA 29 @ Great Villy Pkwy E Whiteland Township	9-14	12,551,000	573,685	C-1	21.88
<u>SUBJECT</u>	<u>ATF APARTMENT Land</u>	<u>9-16</u>				<u>\$9.00</u>
<u>ATF</u>	<u>(U. Merion)</u>					
<u>SUBJECT</u>	<u>ATF APARTMENT Land</u>	<u>9-16</u>				<u>\$5.75</u>
<u>ATF</u>	<u>(Radnor)</u>					

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SUMMARY OF COMPARABLE SALES FOR LINE #414  
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OFFICE-COMMERCIAL LAND SALES

14	215 S. Broad Street Lansdale Borough	6-14	\$765,000	130,680	C	\$5.85
15	409 E. Butler Avenue New Britain Borough	10-14	2,100,000	303,613	LI	6.92
16	Lot #2, Campus Drive Providence Corp. Center U. Providence Township	11-15	1,300,000	174,240	IO	7.46
17	606 E. Main Street Lansdale Borough	4-15	1,215,055	130,680	C	9.30
18	1415-1425 S. Collegevil U. Providence Township	5-15	2,048,100	217,800	R-1	9.40
<u>SUBJECT</u> <u>ATF</u>	ATF OFFICE Land	9-16				\$6.50
<u>SUBJECT</u> <u>ATF</u>	ATF COMMERCIAL Land	9-16				\$8.50

INDUSTRIAL LAND SALES

19	2035 Chemical Road Plymouth Township	12-14	\$1,300,000	341,510	LI	\$3.81
20	Rear 1010 Conshohocken Plymouth Township	3-14	320,000	72,310	HI	4.43
21	375 Commerce Drive U Dublin Township	10-14	2,782,000	603,306	LIM	4.61
22	111 E Church Road U Merion Township	6-14	375,000	49,223	SM1	7.62
<u>SUBJECT</u> <u>ATF</u>	ATF INDUSTRIAL LAND (Light Industrial)	9-16				\$3.45
<u>SUBJECT</u> <u>ATF</u>	ATF INDUSTRIAL LAND (Heavy Industrial)	9-16				\$4.60

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Residential Lot ATF Valuation - U Merion & Havertown

Sales No. 1 through 5 reflect a variety of sales of residential building lots in the area, ranging from 6,098 to 14,200 square feet and indicate a range of unit rates from \$6.67 to \$20.10 per square foot. We have concluded an ATF value of \$7.50 per square foot, which is higher than the two lowest sales and lower than the three higher sales. Because four of the sales ranged from \$6.67 to \$10.66 per square foot, we felt that an ATF unit value of \$7.50 per square foot is most appropriate.

Residential Land ATF Valuation - U Merion & Havertown

Because these sections of the west and north suburbs are effectively fully developed, there are no land sales available for comparison to estimate a value for residential land in the area which is not already subdivided into building lots. Land parcels are generally over one acre and would need subdivision approvals and streets & utilities installed to create building lots. Residential Land exists in a few places adjoining the right-of-way in the form of recreational parks or a cemetery.

In order to derive a residential Land ATF value, we have utilized the residential Lot valuation derived above and applied a 50% reduction to provide for subdivision and site development costs, as well as entrepreneurial profit to the developer. Thus, applying a 50% reduction to the ATF Lot Value of \$7.50 per square foot, indicates a Residential Land ATF Value of \$3.75 per square foot.

Residential Lot ATF Valuation - Radnor, Villanova & Haverford

Sales No. 6 through 10 reflect a variety of sales of residential building lots in the area, ranging from 28,767 to 93,254 square feet and indicate a range of unit rates from \$3.99 to \$9.91 per square foot. We have concluded an ATF value of \$5.00 per square foot, which is slightly less than midway between the five sales, but reflective that midway between four of the five sales the rate is about \$5.00 per SF.

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#### Residential Land ATF Valuation - U Merion & Haverford

Because this section of the City is effectively fully developed, there are no land sales available for comparison to estimate a value for residential land in the area which is not already subdivided into building lots. Land parcels are generally over one acre and would need subdivision approvals and streets & utilities installed to create building lots. Residential Land exists in a few places adjoining the right-of-way in the form of recreational parks or a cemetery.

In order to derive a residential Land ATF value, we have utilized the Residential Lot valuation derived above and applied a 50% reduction to provide for subdivision and site development costs, as well as entrepreneurial profit to the developer. Thus, applying a 50% reduction to the ATF Lot Value of \$7.50 per square foot, indicate=s a Residential Land ATF Value of \$3.75 per square foot.

#### Apartment Land ATF Valuation

Sales No. 11 through 13 reflect a variety of sales of apartment land sales in the area, ranging from 282,704 to 850,727 square feet and indicate a range of unit rates from \$16.46 to \$30.05 per square foot. When a site for apartment development sells it is almost always "as approved", since buyers will not buy until they know how many units they can obtain on the site. These approvals are generally included in the sale price and thus we must deduct the costs of the legal and engineering costs, as well as some entrepreneurial profit to the seller who has obtained the approvals, which are becoming harder and harder to obtain. After, making the adjustment for the approvals, we have concluded an ATF value of \$9.00 per square foot for land in the Upper Merion area, which is highly desired for multi-family use and \$5.75 per Square foot for apartment land in the Radnor area, which is somewhat less desirable than Upper Merion.

#### Office Land ATF Valuation

Sales No. 14 through 18 reflect a variety of sales of commercial building lots in the area, ranging from 130,680 to 303,613 square feet and indicate a range of unit rates from \$5.85 to \$9.40 per square foot. We have concluded an ATF value of \$6.50 per square foot for the Office Land, which is toward the lower end of the range. The market for office land has been and is expected to continue to be slow, due to the slow market for new office space. The 2008 recession cause the office market to be severely diminished and the demand is only just beginning to recover.

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#### Commercial Land ATF Valuation

We utilized the same Sales No. 14 through 18 reflect a variety of sales of commercial building lots in the area, ranging from 130,680 to 303,613 square feet and indicate a range of unit rates from \$5.85 to \$9.40 per square foot. We have concluded an ATF value of \$18.50 per square foot for Commercial Land, which is closer to the upper end of the range. Retail commercial development has shown stronger recovery from the 2008 recession.

#### Light Industrial Land ATF Valuation

Sales No. 19 through 22 reflect a variety of sales of industrial sites in the area, ranging from 49,223 to 2,782,000 square feet and indicate a range of unit rates from \$3.81 to \$7.62 per square foot. We have concluded an ATF value of \$3.45 per square foot for Light Industrial Land, as this classification has more restrictive uses than the HI, Heavy Industrial Land uses.

#### Heavy Industrial Land ATF Valuation

We utilized the same Sales No. 19 through 22 which reflect a variety of sales of industrial sites in the area, ranging from 49,223 to 2,782,000 square feet and indicate a range of unit rates from \$3.81 to \$7.62 per square foot. We have concluded an ATF value of \$4.60 per square foot, which is closest to Sale No. 16, which is zoned HI, Heavy Industrial.

#### SEPTA Line 414/PECO Line 1673 (Conclusion)

Exhibited on the following page is our "Parcelization" of the corridor. We have divided the corridor into segments where the highest and best use changes. On the following page is our Parcel Valuation Summary which shows the Zoning classification of the Subject corridor segment, Zoning on both sides of the corridor and our concluded Highest and Best Use (HBU). We then scaled the length of that parcel and multiplied the length by the width of the corridor. This corridor width was assigned by SEPTA and we concluded that the width assigned by SEPTA was correct and fair.

**SEPTA 414 /PECO LINE PE1673 - PARCEL VALUATION SUMMARY**

PARCEL	LOCATION	SUBJECT ZONING	ZONING NORTH/EAST SIDE	ZONING SOUTH/WEST SIDE	ADJOINING HBU	CORRIDOR WIDTH FOR VALUATION	PARCEL LENGTH IN FEET	LAND AREA OF PARCEL IN SF	ATF VALUE PER SF	CORRIDOR MULTIPLIER	CORRIDOR VALUE
1	628' N of Dekalb to Dekalb	GC	R2 & RC1	R2	INDL.	118	628	74,104	\$3.45	2.00	\$511,318
2	Dekalb to David	C-3 Comm1	R2	R2	Comm1.	118	215	25,370	\$8.50	2.00	431,290
3	David to PA E. Church	HI & some SM1	R-3	HI	INDL.	118	3,875	457,250	\$4.60	2.00	4,206,700
4	E. Church to 300' before White	LI	LI	LI	INDL.	118	830	97,940	\$3.45	2.00	675,786
5	300' Bef White to Crooked lane	R-3 resid.	R-2	LI	Res Lots	118	1,860	219,480	\$7.50	2.00	3,292,200
5	Crooked la to School Line Dr	C-1 & LI	SM-1 Indl	R-4	INDL.	118	500	59,000	\$3.45	2.00	407,100
6	School Lane Dr. to Swedeland	R-1 Resid	RE Recreation	R-1	Res Lots	118	2,650	312,700	\$7.50	2.00	4,690,500
7	Swedeland to I-76	R-1 Resid	R-1	R-3	Res Lots	118	1,475	174,050	\$7.50	2.00	2,610,750
8	I-76 to 1,350' south	R-1 Resid	R-1	R-2	Res Land	118	1,350	159,300	\$3.75	2.00	1,194,750
10	1,350' south to Rebel Hill Road	R-1 & R-1A	R-2 & U-R	R-1 & R-1A	Apts.	118	850	100,300	\$9.00	2.00	1,805,400
SUB-TOTAL 20% WIDTH USAGE											\$19,825,794
<b>START 138 KV LINE</b>											
11	Rebel Hill to Matsonford	R-2	R-2	R-1A	Comm1.	118	1,150	135,700	\$8.50	2.00	\$2,306,900
12	Matsonford to County Line	R-1	R-1	R-1	Res Lots	118	3,675	433,650	\$7.50	2.00	6,504,750
13	County Line to RR overpass	PI & R-1	R-1	PI & R-1	Res Land	118	2,825	333,350	\$3.75	2.00	2,500,125
14	RR Overpass to I-476		R-2	PLU	Office	118	1,600	188,800	\$6.50	2.00	2,454,400
15	I-476 to US 30	PLO & R-2 & C-1	R-2 & C-1	PLO	Res Land	118	655	77,290	\$3.75	2.00	579,675
16	US 30 to Sproul Rd 320	R-3 & PLU	PLU	R-3	Res Land	118	525	61,950	\$3.75	2.00	464,625
17	320 to 500' s of Aldwyn	R-2 & CO	CO	R-2	Office	118	850	100,300	\$6.50	2.00	1,303,900
18	500' S of Aldwyn to S. Ithan	R-3 & CO & PI	CO & PI	R-3	Res Lots	118	2,025	238,950	\$7.50	2.00	3,584,250
19	S. Ithan to 775' South	PI	PI	PI	Res Land	118	775	91,450	\$3.75	2.00	685,875
20	775' South to Lowrys Lane	R-4	R-4	R-4	Res Lots	118	1,000	118,000	\$7.50	2.00	1,770,000
21	Lowrys lane to Garrett Ave	R-4 & R-5	R-4 & R-5	R-4 & R-5	Res Lots	118	550	64,900	\$7.50	2.00	973,500
22	Garrett Ave to Locust Grove rd	R-4 & PLU	GH-BC & R-2	PLU & R-5	Office	118	1,100	129,800	\$6.50	2.00	1,687,400
23	Locust grove road to Roberts Ave	R-1	PA	R-1	Apts.	118	1,350	159,300	\$5.75	2.00	1,831,950
24	Roberts to 1100' south	PI & R-5	R-1 & PI	R-5	Apts.	118	1,100	129,800	\$5.75	2.00	1,492,700
25	1100' south to 1725' south	PI & R-5	R-1 & PI	R-5	Res Lots	118	625	73,750	\$5.00	2.00	737,500
26	1725' south to Bryn Mawr Av	C-1	C-1	C-1	Office	118	1,000	118,000	\$6.50	2.00	1,534,000
27	Bryn Mawr to Landover	C-1 & R-5	C-1 & R-5	R-5	Res Lots	118	550	64,900	\$5.00	2.00	649,000
28	Landover to 600' south	O1	O1	O1	Office	118	600	70,800	\$6.50	2.00	920,400
29	600' south to Buck Lane	R-4 & R-2	O1, R-2, R-3, R-6	R-4 & Some C-2	Res Lots	118	1,675	197,650	\$7.50	2.00	2,964,750
30	Buck Lane to 400' south	R-2	O2	R-1	Res Lots	118	400	47,200	\$7.50	2.00	708,000
31	400' south to College Ave	R-2	R-2	O2	Office	118	625	73,750	\$6.50	2.00	958,750
32	College to Ardmore Ave	R-2	R-2	INS	Res Land	118	3,125	368,750	\$3.75	2.00	2,765,625
33	Ardmore Ave to Haverford Ct	R-2 & R-5	R-2 & R-5	R-2 & R-5	Res Land	118	1,000	118,000	\$3.75	2.00	885,000
34	Haverford Ct to Hathaway Lane	R-5	R-5	R-2	Res Lots	118	1,325	156,350	\$7.50	2.00	2,345,250
35	Hathaway La to Eagle Rd	C-1	C-1	R-6	Retail	118	1,525	179,950	\$8.50	2.00	3,059,150
36	Eagle rd to 400' s of Haverford rd	C-2	C-2	R-4	Retail	118	1,050	123,900	\$8.50	2.00	2,106,300
37	400' s to 1100' south	C-2	C-2	R-4	Res Lots	118	700	82,600	\$7.50	2.00	1,239,000
38	1100' south to Mill Rd	INS, Institution	INS	INS	Res Land	118	600	70,800	\$3.75	2.00	531,000
39	Mill rd to City Line US1	ROS, Rec Open S	R-4, ROS & R-5	ROS	Res Lots	118	5,690	671,420	\$7.50	2.00	10,071,300
SUB-TOTAL 40% WIDTH USAGE											\$59,615,075
U Merion, Havertown	Residential Lots Per SF Avg.	\$7.50									
U Merion, Havertown	Residential Land Per SF Avg.	\$3.75									
Radnor, Villanova, Haverford	Residential Lots Per SF Avg.	\$5.00									
Radnor, Villanova, Haverford	Residential Land Per SF Avg.	\$2.50									
U Merion	Apartment Land	\$9.00									
Radnor	Apartment Land	\$5.75									
All	Office Land/SF Avg.	\$6.50									
All	Commercial Land/SF Avg.	\$8.50									
All	Industrial Land/SF Avg.	\$3.45									
All	HI Industrial/SF	\$4.60									
Total Corridor Value											\$79,440,869
6,360,554 (Total Corridor Area in SF)											
53,903 (Total Feet Excluding Roads)											
10.21 (Total Miles Excluding Roads)											

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Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

Because we are estimating the value for the corridor, we have applied a corridor assembly factor range of 2.0 times the Unencumbered ATF Fee value. This multiplier reflects the additional costs that would be incurred in assembling a corridor, having to deal with many different property owners, who most likely will not all be willing to sell to the utility for the corridor, and will have to be enticed with an above market price in order to sell.

The resulting land area of the parcel was multiplied by the appropriate Per Square Foot land value to determine the value of that particular segment of the corridor.

The value of the individual segments is summed to arrive at a total corridor value.

We then applied factors that represent the area of the corridor that PECO occupies.

First a % of the Width Factor is applied representing how wide across a cross section of the corridor that PECO occupies. For this we have used a 20% Width factor for the northern section of the corridor 1,350' south of Rebel Hill Road. Along this section PECO only has one pole line extending along the side of SEPTA's corridor. Then for the remainder of the right-of-way extending south, PECO has the same pole line on one side of the right-of-way and a second High Tension power line extending along the other side of the corridor. Thus, the % Width Factor has to be increased to reflect the second pole line. For this section we have used a % Width Factor of 40%.

Second, a % of the Height (or Aerial) Factor is applied to reflect that PECO is only using the Aerial Portion of the corridor. For this we have used a 40% factor, reflecting that the Aerial section of property is less valuable than the ground level, since one needs the ground level to build any structures.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

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DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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The foregoing Factors are shown on the Cross Sections that were displayed in the Subject Property section.

Lastly we applied a 6% Rental Rate Factor as the percentage of the Fee Value that would be paid on an annual basis to rent the corridor from the owner.

Our calculations to determine the Longitudinal Easement Annual Rental Value are charted below:

Unencumbered Fee Value (SEPTA Line 414/PECO Line PE1673) (20% Width Usage	\$19,825,794	
Width Factor	x 0.20	
Aerial Factor	x 0.40	
Rental Rate	<u>x 0.06</u>	
Indicated Longitudinal Easement Annual Rental Value Sub-Total 20% Width Usage		\$ 95,164
Unencumbered Fee Value (SEPTA Line 414/PECO Line PE1673) (40% Width Usage)	\$59,615,075	
Width Factor	x 0.40	
Aerial Factor	x 0.40	
Rental Rate	<u>x 0.06</u>	
Indicated Longitudinal Easement Annual Rental Value Sub-Total 40% Width Usage		<u>572,305</u>
Indicated TOTAL Longitudinal Easement Annual Rental Value (SEPTA Line 414/PECO Line PE1673)		\$667,469

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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SEPTA Line 417/PECO Line D5239

The comparable sales utilized in determining the Across-The-Fence (ATF) value per square foot of land are summarized on the following page. These sales represent a cross section of each type of use to provide an average unit value for each type of use. These sales are summarized on the following page.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

SUMMARY OF COMPARABLE SALES FOR LINE #417

<u>SALE NO.</u>	<u>LOCATION</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>LAND AREA (SF +/-)</u>	<u>ZONING</u>	<u>SALE PRICE/SF</u>
<u>RESIDENTIAL LOT SALES</u>						
1	10 E Knowles Ave Glenolden Borough	4-16	\$35,000	14,400	Resid	\$2.43
2	421 S. Lansdowne Ave Yeadon Borough	8-16 (Offer)	28,000 (Asking)	10,890	Resid	2.57
3	29 N Scott Avenue Glenolden Borough	6-16	29,900	11,250	R1	2.66
4	19 W Stratford Ave Lansdowne Borough	6-16	30,000	8,250	R	3.64
5	218 E Woodland Ave Springfield Twp.	4-15	85,000	6,090	B, Resid	13.96
<u>SUBJECT</u>	<u>ATF RESIDENTIAL LOT</u>	<u>9-16</u>				<u>\$2.75</u>
<u>ATF</u>	<u>ATF RESIDENTIAL LAND</u>	<u>9-16</u>				<u>\$1.38</u>
<u>APARTMENT LAND SALES</u>						
6	1800 Garrett Road Upper Darby Township	8-16 (Offer)	\$199,000 (Asking)	23,522	APT	\$8.46
7	112 Pennington Ave Morton Borough	6-15	85,000	10,000	R-3	8.50
<u>SUBJECT</u>	<u>ATF APARTMENT LAND</u>	<u>9-16</u>				<u>\$8.50</u>
<u>ATF</u>						
<u>COMMERCIAL LAND SALES</u>						
8	110 Chester Pike Norwood Borough	8-16 (Offer)	\$275,000 (Asking)	36,590	HC	\$7.52
9	546 E Baltimore Pike Clifton Heights Boro	8-16 (Offer)	1,299,000 (Asking)	159,420	C	8.15
10	203 Woodland Avenue Morton Borough	6-16	165,000	19,166	SO	8.61
11	1100 Chester Ave Yeadon Borough	8-16 (Offer)	400,000 (Asking)	36,817	NC	10.86
12	2 Chester Pike Norwood Borough	8-16 (Offer)	557,000 (Asking)	42,689	HC	13.05
<u>SUBJECT</u>	<u>ATF COMMERCIAL LOT</u>	<u>9-16</u>				<u>\$10.00</u>
<u>ATF</u>						
<u>INDUSTRIAL LAND SALES</u>						
13	52 S 3rd Street Yeadon Borough	8-16 (Offer)	\$650,000 (Asking)	117,612	I/C-4	\$5.53
14	41 S 2nd Street Fernwood	8-16 (Offer)	139,900 (Asking)	6,500	I-1	21.52
<u>SUBJECT</u>	<u>ATF INDUSTRIAL LAND</u>	<u>9-16</u>				<u>\$8.00</u>
<u>ATF</u>						

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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#### Residential Lot ATF Valuation

Sales No. 1 through 5 reflect a variety of sales of residential building lots in the area, ranging from 6,090 to 14,400 square feet and indicate a range of unit rates from \$2.43 to \$13.96 per square foot. We have concluded an ATF value of \$2.75 per square foot, which is a rounded value close to the mean of the four most comparable sales.

#### Residential Land ATF Valuation

Because this section of the Delaware County is effectively fully developed, there are no land sales available for comparison to estimate a value for residential land in the area which is not already subdivided into building lots. Land parcels are generally over one acre and would need subdivision approvals and streets & utilities installed to create building lots. Residential Land exists in a few places adjoining the right-of-way in the form of recreational parks or a cemetery.

In order to derive a residential Land ATF value, we have utilized the residential Lot valuation derived above and applied a 50% reduction to provide for subdivision and site development costs, as well as entrepreneurial profit to the developer. Thus, applying a 50% reduction to the ATF Lot Value of \$2.75 per square foot, indicates a Residential Land ATF Value of \$1.38 per square foot.

#### Apartment Land ATF Valuation

Sales No. 6 and 7 reflect one sale and one current offering of land for apartment development, ranging from 10,000 to 23,522 square feet and indicate a range of unit rates of \$8.46 to \$8.50 per square foot. We have concluded an ATF value of \$8.50 per square foot, which is consistent with the two sales.

#### Commercial Land ATF Valuation

Sales No. 8 through 12 reflect a variety of sales of commercial building lots in the area, ranging from 19,166 to 159,420 square feet and indicate a range of unit rates from \$7.52 to \$13.05 square foot. We have concluded an ATF value of \$10.00 per square foot, which is higher than three sales, but lower than two sales. This recognizes the wide range of unit values as well as the improving commercial market since the recession.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

### Industrial Land ATF Valuation

Sales No. 13 and 14 reflect two current offerings of industrial sites in the area, ranging from 6,500 to 117,612 square feet and indicate a range of unit rates of \$5.53 and \$21.52 per square foot. We have concluded an ATF value of \$8.00 per square foot, closer to Sale No. 13 because most industrial lots are over 1-2 acres. Sale No. 14 is a very small site and also has some site improvements which increased the unit rate.

### SEPTA Line 417/PECO Line D5239 (Conclusion)

Exhibited on the following page is our "Parcelization" of the corridor. We have divided the corridor into segments where the highest and best use changes. On the following page is our Parcel Valuation Summary which shows the Zoning classification of the Subject corridor segment, Zoning on both sides of the corridor and our concluded Highest and Best Use (HBU). We then scaled the length of that parcel and multiplied the length by the width of the corridor. This corridor width was assigned by SEPTA and we concluded that the width assigned by SEPTA was correct and fair.

**SEPTA 417 / PECO LINE D5239 - PARCEL VALUATION SUMMARY**

PARCEL	LOCATION	SUBJECT ZONING	ZONING NORTH/EAST SIDE	ZONING SOUTH/WEST SIDE	ADJOINING HBU	CORRIDOR WIDTH IN FEET	PARCEL LENGTH IN FEET	LAND AREA OF PARCEL IN SF	ATF VALUE PER SF	CORRIDOR MULTIPLIER	CORRIDOR VALUE
1	Start to Church St	F, Industrial	F, Industrial	LI & GC	Off/Coml.	66	535	35,310	\$10.00	2.00	\$706,200
2	Church St to PA 420	F, Industrial	F, Industrial	GC	Off/Coml.	66	880	58,080	\$10.00	2.00	1,161,600
3	PA 420 to Amosland Rd	None	GC, Most R4	NC, Most R4	TH-Apt.	66	980	64,680	\$8.50	2.00	1,099,560
4	Amosland Rd to Providence Av	GC & Most MU	R-4 & MU	MU, Municipal	Res Lots	66	4,335	286,110	\$2.75	2.00	1,573,605
5	Providence Ave to 450' East	R4 & R1	R4 & R1	R2	Apts.	66	450	29,700	\$8.50	2.00	504,900
6	450' East to Bishop	R2 & RC1	R2 & RC1	R2	Res Lots	66	555	36,630	\$2.75	2.00	201,465
7	Bishop to Lamb Road	R2	R2	R2	Res Lots	66	1,175	77,550	\$2.75	2.00	426,525
8	Lamb Road to Mildred Aenue	RC1	RC1	C2	Comml.	66	1,255	82,830	\$10.00	2.00	1,656,600
9	Mildred to Before Priscilla	C4 & C2	C4 & C2	Business & Indl.	Indl.	66	990	65,340	\$8.00	2.00	1,045,440
10	Bef. Priscilla to Springfld	R-2	R2 & R3	R-2	Res Lots	66	1,800	118,800	\$2.75	2.00	653,400
11	Springfield to Penn St	BUS	R2	R-4	Indl.	66	685	45,210	\$8.00	2.00	723,360
12	Penn St to end of Maryland	R-4	I, Ind.	R-2	Res Lots	66	1,600	105,600	\$2.75	2.00	580,800
13	End of Maryland to Scottdale	R-3	I, Ind.	R-3	RES. Land	66	650	42,900	\$1.38	2.00	117,975
14	Scottdale to 935' W of Lansdowne	TN & RN	TN, Trad. Neighbhd	NR, Neigh Resid	Res Lots	66	2,820	186,120	\$2.75	2.00	1,023,660
15	935' W of Lansdowne	CBD	TN & CBD Comml.	CBD, Comml.	Apts.	66	935	61,710	\$8.50	2.00	1,049,070
16	Lansdowne To Wycombe	CBD	CBD, Comml.	CBD & TN	Comml.	66	760	50,160	\$10.00	2.00	1,003,200
17	Wycombe to Union	TN & GBD	TN & GBD Gen Bus.	TN	Res Lots	66	1,130	74,580	\$2.75	2.00	410,190
18	Union to US 13 (U Darby)	C-4	R2	C-4, Comml&Indl.	Industrial	66	1,100	72,600	\$8.00	2.00	1,161,600
19	US 13 to W of Cypress	R3	R3	R2	Res Lots	66	1,625	107,250	\$2.75	2.00	589,875
20	Cypress to End-City Line and 412	R1	R1	R1	Res Land	66	<u>2,165</u>	<u>142,890</u>	\$1.38	2.00	<u>392,948</u>
	Residential Lots/SF Avg.	\$2.75									
	Residential Land/SF Avg.	\$1.38									
	Apartment Land/SF Avg.	\$8.50									
	Commercial Land/SF Avg.	\$10.00									
	Industrial Land/SF Avg.	\$8.00									
								1,744,050			
							26,425 (Total Feet Excluding Roads)				
							5.00 (Total Miles Excluding Roads)				
										Total Corridor Value	<u>\$16,081,973</u>

MICHAEL J. BARTH COMPANY

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

Because we are estimating the value for the corridor, we have applied a corridor assembly factor range of 2.0 times the Unencumbered ATF Fee value. This multiplier reflects the additional costs that would be incurred in assembling a corridor, having to deal with many different property owners, who most likely will not all be willing to sell to the utility for the corridor, and will have to be enticed with an above market price in order to sell.

The resulting land area of the parcel was multiplied by the appropriate Per Square Foot land value to determine the value of that particular segment of the corridor.

The value of the individual segments is summed to arrive at a total corridor value.

We then applied factors that represent the area of the corridor that PECO occupies.

First a % of the Width Factor is applied representing how wide across a cross section of the corridor that PECO occupies. For this we have used a 33% Width factor.

Second, a % of the Height (or Aerial) Factor is applied to reflect that PECO is only using the Aerial Portion of the corridor. For this we have used a 40% factor, reflecting that the Aerial section of property is less valuable than the ground level, since one needs the ground level to build any structures.

These Factors are shown on the Cross Sections that were displayed in the Subject Property section.

Lastly we applied a 6% Rental Rate Factor as the percentage of the Fee Value that would be paid on an annual basis to rent the corridor from the owner.

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

Our calculations to determine the Longitudinal Easement Annual Rental Value are charted below:

Unencumbered Fee Value (SEPTA Line 417/PECO Line D5239)	\$16,081,973
Width Factor	x 0.33
Aerial Factor	x 0.40
Rental Rate	<u>x 0.06</u>
Indicated Longitudinal Easement Annual Rental Value \$	127,369
(SEPTA Line 417/PECO Line D5239)	

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

SEPTA Line 480/PECO Line P8327

The comparable sales utilized in determining the Across-The-Fence (ATF) value per square foot of land are summarized on the following page. These sales represent a cross section of each type of use to provide an average unit value for each type of use. These sales are summarized on the following page.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

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SUMMARY OF COMPARABLE SALES FOR LINE #480

<u>SALE NO.</u>	<u>LOCATION</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>LAND AREA (SF +/-)</u>	<u>ZONING</u>	<u>SALE PRICE/SF</u>
<u>RESIDENTIAL LOT SALES</u>						
1	332 W Duval St	8-15	\$23,000	4,036	RSA3	\$5.70
2	613 W Horter St	7-16	243,000	41,776	RSD1	5.82
3	217 Manheim St	2-15	12,600	2,140	RSA3	5.89
4	549 Armstrong St	3-14	75,000	11,847	RSA3	6.33
5	121 E Gorgas Lane	9-15	27,000	3,966	RSA3	6.81
6	4979 Sheldon St #A	4-15	8,100	696	RSA5	11.64
7	1023 W Allens Lane	9-15	215,000	16,828	RSD1	12.78
8	7129 Boyer St	5-15	37,000	2,895	RSA3	12.78
<u>SUBJECT</u>	<u>ATF RESIDENTIAL LOT</u>	<u>9-16</u>				<u>\$7.50</u>
<u>ATF</u>	<u>ATF RESIDENTIAL LAND</u>	<u>9-16</u>				<u>\$3.75</u>
<u>APARTMENT LAND SALES</u>						
9	1636 Point Breeze Ave	3-15	\$300,000	26,310	RM1	\$11.40
<u>SUBJECT</u>	<u>ATF APARTMENT LOT</u>	<u>9-16</u>				<u>\$12.00</u>
<u>ATF</u>						
<u>COMMERCIAL LAND SALES</u>						
10	5900 Germantown Ave	4-14	\$8,000	1,424	C2	\$5.62
11	433 S 60th Street	7-13	10,000	1,296	CMX2	7.72
12	1442 Grays Ferry Road	5-14	14,000	1,625	CMX2	8.62
13	4831 Woodland Avenue	10-15	23,000	1,872	CMX2	12.29
14	540 S 52nd Street	9-15	31,000	1,469	CMX2	21.10
15	5048 Baltimore Avenue	10-14	36,000	1,338	CMX2	26.91
<u>SUBJECT</u>	<u>ATF COMMERCIAL LOT</u>	<u>9-16</u>				<u>\$15.00</u>
<u>ATF</u>						
<u>INDUSTRIAL LAND SALES</u>						
16	6318 Passyunk Ave	6-16	\$4,700,000	1,572,516	I-3	\$2.99
17	3001 Ormes Street	3-13	77,000	23,958	I-2	3.21
18	5210 Lindberg Blvd.	10-14	300,000	87,286	RM1 - INDL	3.44
19	2950 Castor Avenue	10-13	600,000	168,577	I-2	3.56
20	2339-49 N 3rd St	10-13	130,000	30,492	RM1 - INDL	4.26
21	2210 W. Westmoreland	1-14	120,000	19,222	I-1	6.24
<u>SUBJECT</u>	<u>ATF INDUSTRIAL LAND</u>	<u>9-16</u>				<u>\$3.50</u>
<u>ATF</u>						

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#### Residential Lot ATF Valuation

Sales No. 1 through 8 reflect a variety of sales of residential building lots in the area, ranging from 696 to 41,776 square feet and indicate a range of unit rates from \$5.70 to \$12.78 per square foot. We have concluded an ATF value of \$7.50 per square foot, which is higher than five of the sales and lower than three of the sales.

#### Residential Land ATF Valuation

Because this section of the City is effectively fully developed, there are no land sales available for comparison to estimate a value for residential land in the area which is not already subdivided into building lots. Land parcels are generally over one acre and would need subdivision approvals and streets & utilities installed to create building lots. Residential Land exists in a few places adjoining the right-of-way in the form of recreational parks or a cemetery.

In order to derive a residential Land ATF value, we have utilized the residential Lot valuation derived above and applied a 50% reduction to provide for subdivision and site development costs, as well as entrepreneurial profit to the developer. Thus, applying a 50% reduction to the ATF Lot Value of \$7.50 per square foot, indicates a Residential Land ATF Value of \$3.75 per square foot.

#### Apartment Land ATF Valuation

Sale No. 9 is a sale of an apartment land site containing 26,310 square feet and indicates a unit rate of \$11.40 per square foot. We have concluded an ATF value of \$12.00 per square foot, which is a rounded value close to the sale. This recognizes the wide range of unit values as well as the improving apartment market since the recession.

#### Commercial Land ATF Valuation

Sales No. 10 through 15 reflect a variety of sales of commercial building lots in the area, ranging from 1,296 to 1,872 square feet and indicate a range of unit rates from \$5.62 to \$26.91 per square foot. We have concluded an ATF value of \$15.00 per square foot, which is higher than four sales, but lower than two sales. This recognizes the wide range of unit values as well as the improving commercial market since the recession.

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Industrial Land ATF Valuation

Sales No. 16 through 21 reflect a variety of sales of industrial sites in the area, ranging from 19,222 to 1,572,516 square feet and indicate a range of unit rates from \$2.99 to \$6.24 per square foot. We have concluded an ATF value of \$3.50 per square foot, closest to the two sales which represent the values in the middle of the range.

SEPTA Line 417/PECO Line D5239 (Conclusion)

Exhibited on the following page is our "Parcelization" of the corridor. We have divided the corridor into segments where the highest and best use changes. On the following page is our Parcel Valuation Summary which shows the Zoning classification of the Subject corridor segment, Zoning on both sides of the corridor and our concluded Highest and Best Use (HBU). We then scaled the length of that parcel and multiplied the length by the width of the corridor. This corridor width was assigned by SEPTA and we concluded that the width assigned by SEPTA was correct and fair.

**SEPTA 480 /PECO LINE P8327 - PARCEL VALUATION SUMMARY**

PARCEL	LOCATION	SUBJECT ZONING	ZONING NORTH/EAST SIDE	ZONING SOUTH/WEST SIDE	ADJOINING HBU	CORRIDOR WIDTH FOR VALUATION	PARCEL LENGTH IN FEET	LAND AREA OF PARCEL IN SF	ATF VALUE PER SF	CORRIDOR MULTIPLIER	CORRIDOR VALUE	
1	Start to Allens lane	RSD-3	RSD-3	RSD-3	Res Land	100	1,425	142,500	\$3.75	2.00	\$1,068,750	
2	Allens lane to Mt. Pleasant	RSA-2	RSA-2	RSA-2 & RM-2	Res Lots	100	1,154	115,400	\$7.50	2.00	1,731,000	
3	Mt. Pleasant to Sedgewick	CVMX-2	RM-1	CMC-2	Comml.	100	375	37,500	\$15.00	2.00	1,125,000	
4	Sedgewick to Carpenter	RSA-3	RSA-5 & -1	RSA-3	Res Lots	100	1,150	115,000	\$7.50	2.00	1,725,000	
5	Carpenter to Pelham	RSD-3	RSD-3	Rsd-3	Res Lots	100	1,025	102,500	\$7.50	2.00	1,537,500	
6	Pelham to Horter	RSD-3	RSA-3	RSD-3,RM-3,RSA-1	Res Lots	100	1,050	105,000	\$7.50	2.00	1,575,000	
7	Horter to Greene	RSD-3	RSD-3	CMX-2	Res Lots	100	600	60,000	\$7.50	2.00	900,000	
8	Greene to Clivden	RSD-3	RSD-3	RSD-3	Res Lots	100	855	85,500	\$7.50	2.00	1,282,500	
9	Clivden to Johnson	RM-2	RM-2	RSD-3	Res Lots	100	460	46,000	\$7.50	2.00	690,000	
10	Johnson to Wayne	RSA-3	RSA-3	RM-3	Res Lots	100	610	61,000	\$7.50	2.00	915,000	
11	Wayne to Walnut	RM-3	RM-3, CMX-2	SP-PO-A, RM-3	Apartment	100	1,390	139,000	\$12.00	2.00	3,336,000	
12	Walnut to Rittenhouse	RM-3	RM-3	RM-3	Apartment	100	1,000	100,000	\$12.00	2.00	2,400,000	
13	Rittenhouse to 375' e of Cheltenham	CMX-3	CMX-3	CMX-3	Comml.	100	1,115	111,500	\$15.00	2.00	3,345,000	
14	375 e of Cheltenham to Morris	RSA-3	RSA-3	RSA-3	Res Lots	100	775	77,500	\$7.50	2.00	1,162,500	
15	Morris to W Coulter	CMX-1	CMX-1	CMX-2	Comml.	100	250	25,000	\$15.00	2.00	750,000	
16	Coulter to Wissahickon/Queen	RSA-5	RSA-5,CMX-2,RM-4	RSA-5	Res Lots	100	1,200	120,000	\$7.50	2.00	1,800,000	
17	Wiss/Queen to 1100' east/south	CMX3 & RSA5	RSA-5	CMX-3	Comml.	100	1,100	110,000	\$15.00	2.00	3,300,000	
18	1100' e/s of Queen to US 1	I-2, Ind.	RSA-2, I-2	RSA-2 & I2	Industrial	100	1,050	105,000	\$3.50	2.00	735,000	
19	US 1 to Roberts Ave	ICMX	ICMX	I-2	Industrial	100	1,025	102,500	\$3.50	2.00	717,500	
20	Roberts to End at RR	ICMX & I-2	I-2 & CMX-3	ICMX	Industrial	100	<u>1,500</u>	<u>150,000</u>	\$3.50	2.00	<u>1,050,000</u>	
	Residential Lots/SF Avg.			\$7.50							Total Corridor Value	\$31,145,750
	Residential Land/SF Avg.			\$3.75								
	Apartment Land/SF Avg.			\$12.00								
	Commercial Land/SF Avg.			\$15.00								
	Industrial Land/SF Avg.			\$3.50								
											1,910,900 (Total Corridor Area)	
											19,109 (Total Feet Excluding Roads)	
											3.62 (Total Miles Excluding Roads)	

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Because we are estimating the value for the corridor, we have applied a corridor assembly factor range of 2.0 times the Unencumbered ATF Fee value. This multiplier reflects the additional costs that would be incurred in assembling a corridor, having to deal with many different property owners, who most likely will not all be willing to sell to the utility for the corridor, and will have to be enticed with an above market price in order to sell.

The resulting land area of the parcel was multiplied by the appropriate Per Square Foot land value to determine the value of that particular segment of the corridor.

The value of the individual segments is summed to arrive at a total corridor value.

We then applied factors that represent the area of the corridor that PECO occupies.

First a % of the Width Factor is applied representing how wide across a cross section of the corridor that PECO occupies. For this we have used a 33% Width factor.

Second, a % of the Height (or Aerial) Factor is applied to reflect that PECO is only using the Aerial Portion of the corridor. For this we have used a 40% factor, reflecting that the Aerial section of property is less valuable than the ground level, since one needs the ground level to build any structures.

These Factors are shown on the Cross Sections that were displayed in the Subject Property section.

Lastly we applied a 6% Rental Rate Factor as the percentage of the Fee Value that would be paid on an annual basis to rent the corridor from the owner.

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Our calculations to determine the Longitudinal Easement Annual Rental Value are charted below:

Unencumbered Fee Value (SEPTA Line 480/PECO Line P8327)	\$31,145,750
Width Factor	x 0.50
Aerial Factor	x 0.40
Rental Rate	<u>x 0.06</u>
Indicated Longitudinal Easement Annual Rental Value (SEPTA Line 480/PECO Line P8327)	\$ 373,749

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CONCLUSIONS

After considering all the facts and circumstances in connection with the subject property, it is our opinion that the Annual Rental Market Values of the Longitudinal Easements within the subject properties, more fully described herein, on September 26, 2016, were as charted below:

Indicated Longitudinal Easement Annual Rental Values

SEPTA Line 412/PECO Line P2044	\$ 160,930
SEPTA Line 414/PECO Line PE1673	667,469
SEPTA Line 417/PECO Line D5239	127,369
SEPTA Line 480/PECO Line P8327	<u>373,749</u>
Total Indicated Longitudinal Easement Annual Rental Value	\$1,329,517

SPECIAL NOTE: The above valuations of the Rental Value for the Longitudinal Licenses ONLY. They DO NOT REFLECT any of the Structure Rent, Use of Poles or Use of Towers adjustments which are included in SEPTA's offer. Once PECO/Exelon decides which of these adjustments are appropriate to be included in the agreement, the adjustments will have to be added/subtracted, as appropriate, to the above Longitudinal License land rental values.

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CONCLUSIONS (Continued)

For your convenience, we have charted the values below, to include only the adjustment that SEPTA has indicated for Use of Poles (On Lines 421 & 417) and reducing the adjustment for Use of Towers (On Line 480) from 50% to 25%:

Indicated Longitudinal Easement Annual License Values

	<u>Land Rental ONLY</u>	<u>Adjustment</u>	<u>Rental Incl. SEPTA Adjustment</u>
SEPTA Line 412/PECO Line P2044	\$ 160,930	0	\$160,930
SEPTA Line 414/PECO Line PE1673	667,469	- 166,867	500,602
SEPTA Line 417/PECO Line D5239	127,369	0	127,369
SEPTA Line 480/PECO Line P8327	<u>373,749</u>	- <u>186,875</u>	<u>186,874</u>
<b>Total Indicated Longitudinal Easement Annual Rental Value</b>	<b>\$1,329,517</b>	<b>- 353,742</b>	<b>\$ 975,775</b>
<b>(Including SEPTA Adjustment for Use of Poles on Line 414 and a Reduced 25% adjustment for Use of Towers on Line 480)</b>			

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ASSUMPTIONS AND LIMITING CONDITIONS

This valuation assignment was made subject to the following Assumptions and Limiting Conditions, in addition to any special assumptions or limiting conditions cited in the appraisal, and incorporated herein by reference:

1. To the best of our knowledge and belief, the statements of facts contained in the appraisal report, upon which the analyses, opinions and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to the Appraiser(s) and contained in the report or utilized in the formation of the value conclusion(s) were obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on the Appraiser(s), and is subject to corrections, errors, omissions and withdrawal without notice.
2. The legal description of appraised property, if exhibited in the report, is assumed correct.
3. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser(s) whose signature(s) appear on the Certificate of Appraisal and Certification.
4. The valuation(s) may not be used in conjunction with any other appraisal or study. The value conclusion(s) stated in the appraisal is based on the program of utilization described in the report, and may not be separated into parts. The appraisal is prepared solely for the party so identified on the Certificate of the Appraisal. The appraisal report may not be reproduced, in whole or in part, and the findings of the report may not be utilized by a third party without the written consent of the Appraiser(s).
5. No change of any item of the appraisal report shall be made by anyone other than the Appraiser(s), and the Appraiser(s) shall have no responsibility for any such unauthorized change.
6. The Appraiser(s) herein, by reason of the report, is not required to give testimony or be in attendance at any court or administrative proceeding with reference to the property appraised unless additional compensation is agreed to and prior written arrangements have been made.

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7. Unless specifically so stated, the value conclusion(s) contained in the appraisal apply to the real estate only, and do not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. Income tax considerations have not been included or valued unless so specified in the appraisal. The Appraiser(s) makes no representations as to the value increment which may be attributed to such considerations.
8. The appraisal was not prepared for income tax purposes, and shall not be used, in whole or in part, in regards to any matter involving the Internal Revenue Service.
9. Neither all nor any part of the contents of the report (especially any conclusions as to value, the identity of the Appraiser(s) or the firms with which he is connected, or any reference to the professional organizations or designations) shall be disseminated or referred to the public through advertising, public relations, news or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings including but not limited to those filed with Securities and Exchange Commission or other governmental agency, without the prior written consent and approval of and review by the signatory(s) of the appraisal report to ensure the accuracy and adequacy of such references to the appraisal report.
10. Any proposed construction or rehabilitation referred to in the appraisal report is assumed to be completed within a reasonable time and in a workmanlike manner according to or exceeding currently accepted standards of design and methods of construction.
11. Good and marketable title to the interest being appraised is assumed. As the Appraiser(s) is not qualified to render an "opinion of title," no responsibility is assumed or accepted for matters of a legal nature affecting the property being appraised. No formal investigation of legal title was made, and we render no opinion as to ownership of the property or condition of the title.

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12. Any and all findings, projections, assumptions, conclusions and the like contained in the appraisal report shall be the professional opinion of the Michael J. Barth Company and the individual Appraiser(s). Michael J. Barth Company shall retain ownership of all reports and all original documentation, field notes, memoranda, data and the like made or assembled in or about the preparation of the report. No one other than the client may rely on or utilize the report without Michael J. Barth Company's express written consent. The use of the report is expressly prohibited unless all contractual obligations for payment thereof have been completed.

Disclosure of the contents of the appraisal is governed by the By-Laws and Regulations of the Appraisal Institute. All information contained within the report is submitted strictly for the sole use of the client named in the report and may not be used for any purposes by another party without the written of the Appraiser(s). Possession of the appraisal, or any copy thereof, does not carry with it the right of publication, nor may any portion of the report be reproduced.

13. Unless otherwise noted in the appraisal, it is assumed that there are no encroachments, zoning, building, fire or safety code violations, or restrictions of any type affecting the subject property. It is assumed that the property is in full compliance with all applicable federal, state, local and private codes, laws, consents, licenses and regulations, and that all licenses, permits, certificates, approvals, franchises, etc. have been secured and can be freely renewed and/or transferred to a purchaser.
14. The Appraiser(s) takes no responsibility for any events, conditions or circumstances affecting the property or its value, that take place subsequent to either the effective date of value cited in the appraisal or the date of our field inspection, whichever occurs first.
15. The property has been appraised as though free and clear of mortgages, liens, leases, servitudes and encumbrances, except as described in the appraisal.
16. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described, and that there are no encroachments, easements, trespass, etc., unless noted within the report. The Appraiser(s) has not made a survey of the property, and no responsibility is assumed in connection with any matter that may be disclosed by a proper survey. If a subsequent survey should reflect a differing land area and/or frontages, we reserve the right to review our final value estimate(s).

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17. All maps, plats, building diagrams, site plans, floor plans, photographs, etc. incorporated into the appraisal are for illustrative purposes only, to assist the reader in visualizing the property. They are believed to accurately represent the property, but are not guaranteed to be exact. Dimensions and descriptions are based on public records and/or information furnished by others and are not meant to be used as a reference in legal matters or matters of survey.
18. Management is assumed to be competent, and the ownership to be in responsible hands. The quality of property management can have a direct effect on a property's economic viability and value. The financial forecasts contained in the appraisal assume both responsible ownership and competent management. Any variance from this assumption could have a significant impact on the final value estimate(s).
19. Any areas or inaccessible portions of the property or improvements not inspected are assumed to be as reported or similar to the areas which were inspected.
20. The Appraiser(s) assumes that there are no hidden or unapparent conditions of the property, soil, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions, or for engineering which might be required to discover such factors. Detailed soil studies were not made available to the Appraiser(s), so statements regarding soil qualities, if made in the report, are not conclusive but have been considered consistent with information available to the Appraiser(s) and provided by others. In addition, unless stated otherwise in the appraisal, the land and soil of the area under appraisement appears firm and solid, but the appraisal does not warrant this condition.
21. The appraisal is made for valuation purposes only. It is not intended nor to be construed to be an engineering report. The Appraiser(s) is not a qualified structural engineer(s), therefore is not qualified to judge the structural integrity of the improvements. Consequently, no warranty, representations or liability are assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including the construction materials, particularly the roof, foundation, and equipment, including the HVAC systems. Should there be any question concerning same, it is strongly recommended that an Engineering/Construction inspection be obtained. The value estimate(s) stated in the appraisal is predicated on the assumption that all improvements, equipment and building services are structurally sound and suffer no concealed or latent defects or inadequacies other than those noted in the appraisal.

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22. Unless specifically stated in the report, the Appraiser(s) found no obvious evidence of insect infestation or damage, dry or wet rot. Since a thorough inspection by a competent inspector was not performed for the Appraiser(s), the subject is assumed to be free of existing insect infestation, wet rot, dry rot, and any structural damage which may have been caused by preexisting infestation or rot which was subsequently treated.
23. The appraisal report covering the subject property is limited to surface rights only, and does not include any inherent sub-surface or mineral rights.
24. The estimate(s) of value stated in the appraisal applies only to the effective date of value stated in the report. Value is affected by many related and unrelated economic conditions within a local, regional, national and/or worldwide context, which might necessarily affect the future value of the subject property. The Appraiser(s), therefore, assumes no liability for an unforeseen precipitous change in the economy, subject property, or project, if applicable.
25. In the appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the improvements, such as the presence of urea formaldehyde foam insulation, asbestos, toxic waste, radon and/or any other prohibited material or chemical which may or may not be present on or in the property, was, unless specifically indicated in the report, not observed by the Appraiser(s), not does he have any knowledge of the existence of such materials on or in the property. The Appraiser(s), however, is not qualified to detect such substances. The existence of these potentially hazardous materials may have a significant effect on the value of the property. The client is urged retain an expert in this field, if desired. The value conclusion(s) assumes the property is "clean" and free of any of these adverse conditions unless notified to the contrary in writing.
26. If improved, this appraisal assumes that the subject improvements comply with the Americans with Disabilities Act of 1992 (ADA). Unless specifically noted in this appraisal, the appraiser noted no portions of the property as being in non-compliance with the Act. The appraiser is not an expert in the ADA, and has not performed a complete survey to determine compliance with this Act. The presence of non-complying features of the facility may have an effect on the value of the property. The client is urged to retain an expert in this field, if desired. The value conclusion(s) assumes the property is in full compliance with the Act and is free of any of these adverse conditions unless notified to the contrary in writing.

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27. The client(s) by receipt of the appraisal, shall indemnify and hold harmless Michael J. Barth Company and/or its individual staff members from and against all damages, expenses, claims, demands and costs, including legal fees incurred in investigating and defending any claims, arising from or in any way connected to the inclusions of the aforesaid reference to Michael J. Barth Company and /or its individual staff members for damages and expenses resulting from Michael J. Barth Company's and/or its individual staff members' failure to render the opinion(s) of value of produce the appraisal in a manner consistent with sound appraisal practice.

In any event, the maximum damages recoverable from Michael J. Barth Company or its employees relative to this engagement shall be the amount of monies actually collected by Michael J. Barth Company for this assignment and under no circumstances shall any claim for consequential damages be made. In addition, there is no accountability or liability to any third party.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest of bias with respect to the parties involved.
- I have performed no services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing of reporting predetermined results.
- neither my compensation or this appraisal is contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report. Portions of the property not inspected (if any) are assumed to be as reported or similar to comparable portions which were inspected.
- Megan E. Lewis (PA LAT #000050) provided significant real property appraisal assistance to the person signing this certification.
- as of the date of this report, Michael J. Barth, MAI has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute and Megan E. Lewis has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

*Michael J. Barth* 

Michael J. Barth, MAI  
PA Certified General Appraiser  
Certification #GA-000160-L

**MICHAEL J. BARTH COMPANY**

Mr. John Halderman, Esq.

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SEPTA/PECO LONGITUDINAL LICENSES, SEPTA 412, 414, 417 & 480

OR PECO PE FILE #'S P2044, PE1673, D5239 AND P8327

DELAWARE, MONTGOMERY AND PHILADELPHIA COUNTIES, PA

October 12, 2016

Thank you for the opportunity to be of service, and should you have any questions or comments, please feel free to call.

Sincerely,

FOR MICHAEL J. BARTH COMPANY

*Michael J Barth* (Electronic  
 Signature)

Michael J. Barth, MAI  
PA Certified General Appraiser  
Certification #GA-000160-L

Attachments: GOOGLE AERIAL PHOTOGRAPHS (4)  
SAMPLE PHOTOGRAPHS OF EACH CORRIDOR  
LOCATION MAP  
APPRAISER TRAINEE CHECKLIST  
QUALIFICATIONS OF THE APPRAISERS

MJBCO #36100

**MICHAEL J. BARTH COMPANY**

Aerial Photograph



Google earth



SEPTA 412 / PECO P2044

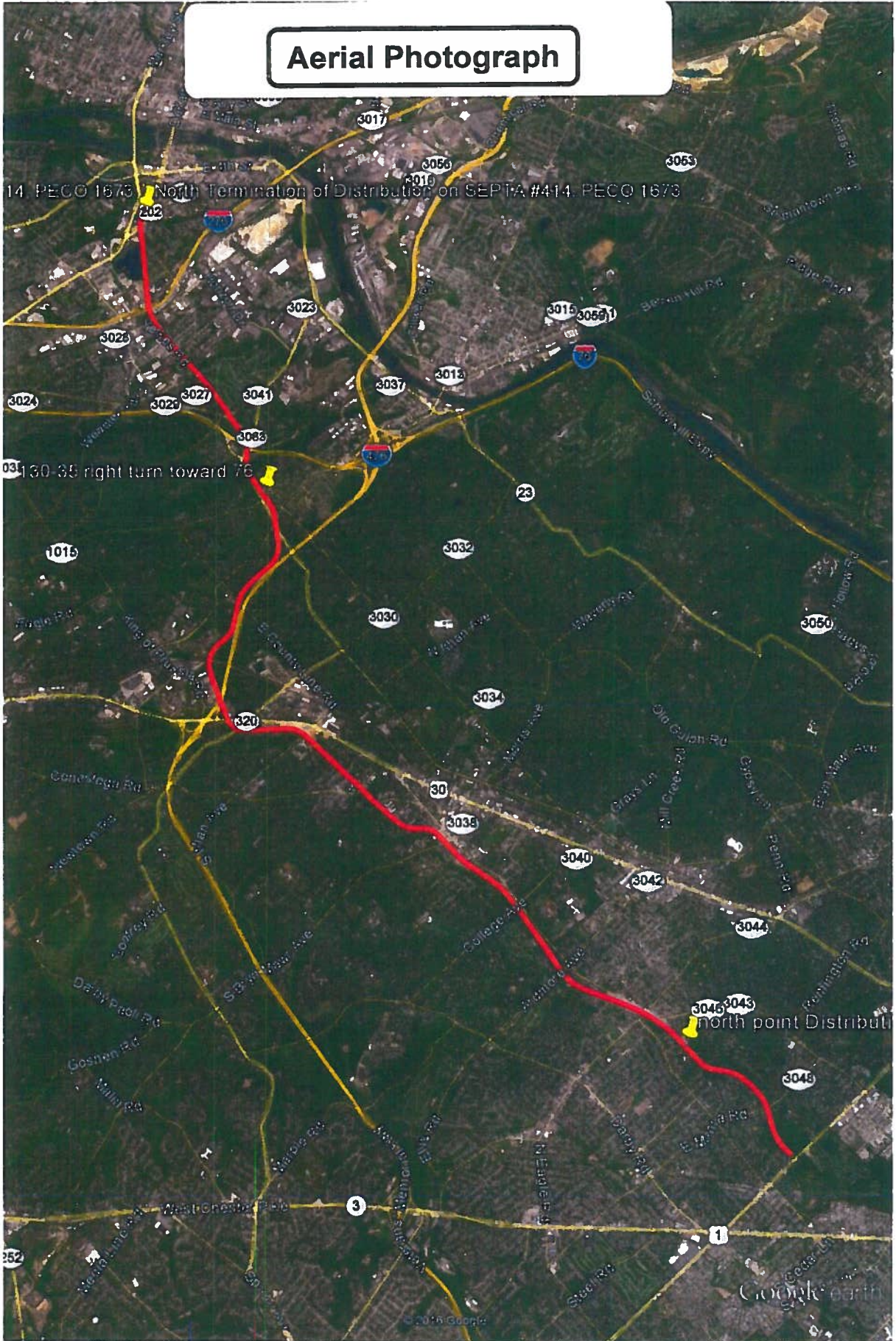


# Aerial Photograph

14 PECCO 1673 North Termination of Distribution on SEPTA #414. PECCO 1673

130-35 right turn toward 76

3046 3045 north point Distributi



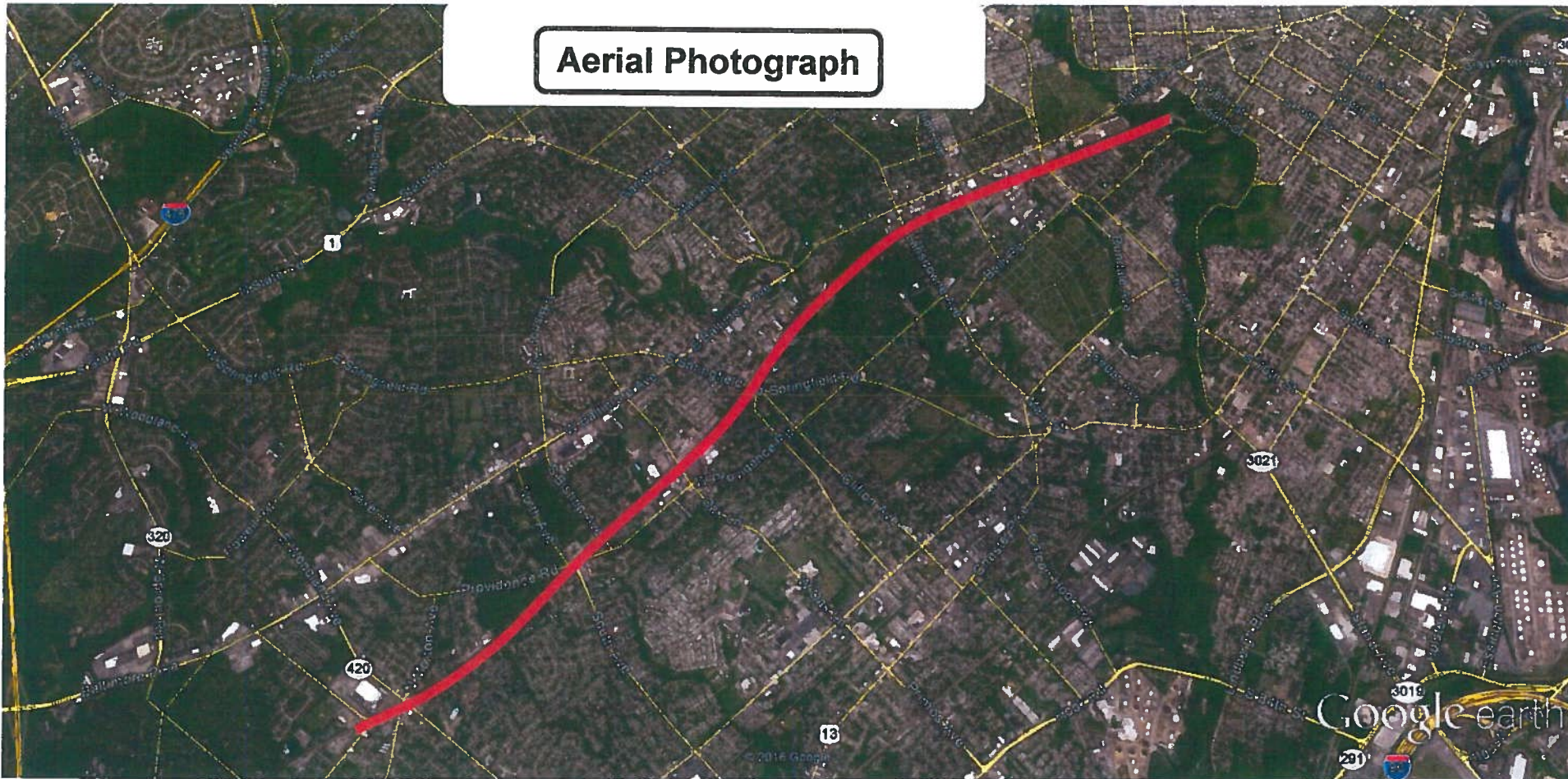
Google earth

miles 4  
km 6

SEPTA 414 / PECCO 1673



Aerial Photograph

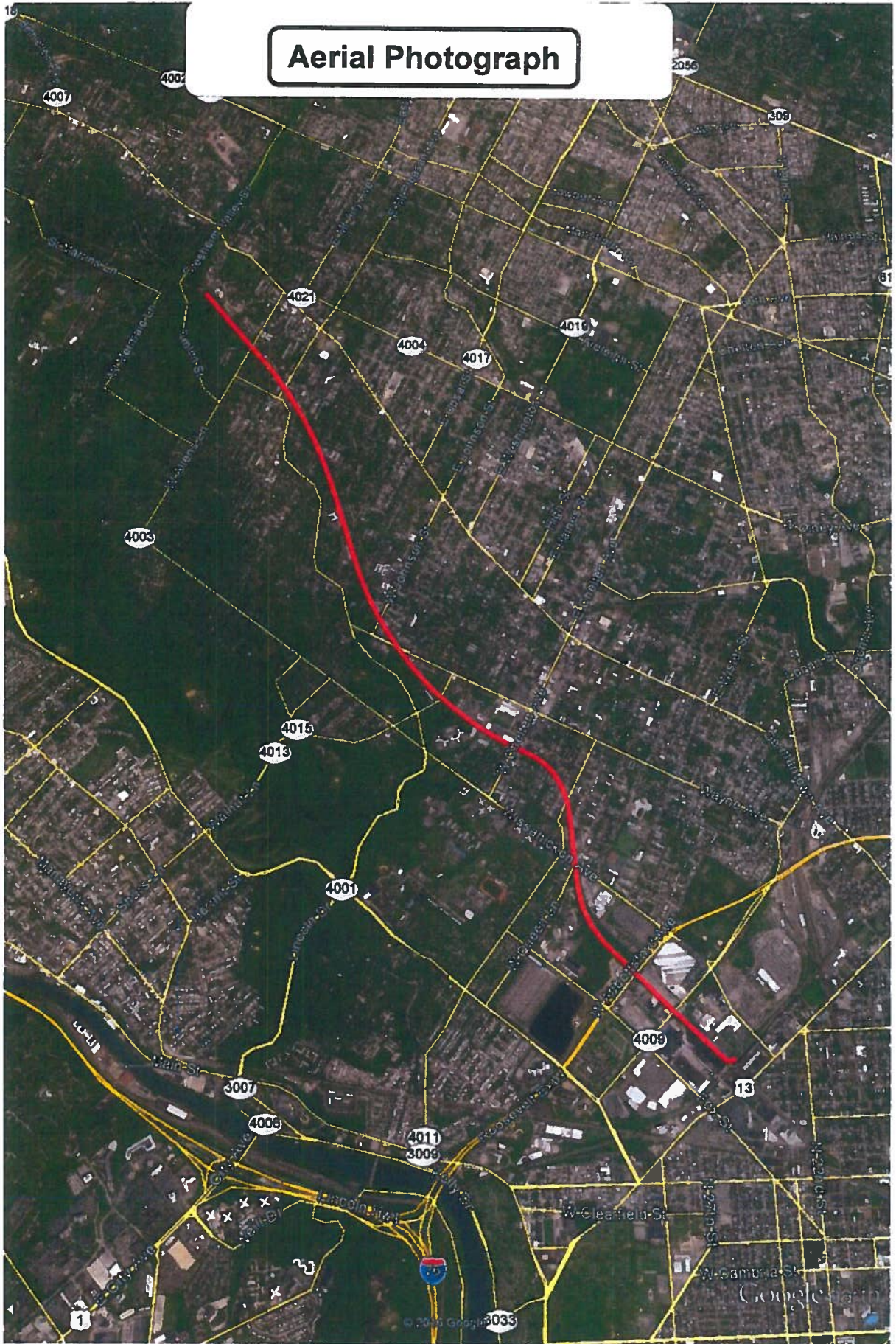


Google earth



SEPTA 417 / PECO D5329

# Aerial Photograph



Google earth

miles  
km

2  
SEPTA 480 / PECO P8327<sup>3</sup>





VIEW LOOKING NORTH FROM DEKALB PIKE TOWARD THE NORTH END.



VIEW LOOKING SOUTH FROM THE BRIDGEPORT STATION AT DEKALB PIKE.

SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673



VIEW LOOKING NORTH AT THE CHURCH ROAD OVERPASS.



VIEW LOOKING NORTH AT THE GULPH ROAD OVERPASS.

SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673



VIEW LOOKING SOUTH AT THE HOLSTEIN ROAD OVERPASS.



VIEW LOOKING SOUTH ALONG REBEL HILL ROAD.  
BEGINNING SECTION OF THE HIGH TENSION LINE,  
IN ADITION TO POLE LINE.

MICHAEL J. BARTH COMPANY

SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673



VIEW LOOKING SOUTH AT THE COUNTY LINE ROAD OVERPASS.



VIEW LOOKING SOUTH JUST NORTH OF THE CONESTOGA ROAD OVERPASS.

**SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673**



**VIEW LOOKING NORTH FROM BEHIND 600 HAVERFORD ROAD.**



**VIEW LOOKING SOUTH FROM BEHIND 600 HAVERFORD ROAD.  
COLLEGE AVENUE OVERPASS IS VISIBLE.**

**MICHAEL J. BARTH COMPANY**

SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673



VIEW LOOKING NORTH FROM JUST SOUTH OF EAGLE ROAD.



VIEW LOOKING SOUTH FROM JUST SOUTH OF EAGLE ROAD.

MICHAEL J. BARTH COMPANY

SUBJECT PHOTOGRAPHS - SEPTA #414 / PECO #PE1673



VIEW LOOKING NORTH FROM U. S. ROUTE 1,  
AT THE WEST OVERBROOK STATION, SOUTH END OF THE LINE.

SUBJECT PHOTOGRAPHS - SEPTA #417 / PECO #D5239



VIEW LOOKING WEST AT THE AMOSLAND ROAD CROSSING.



VIEW LOOKING EAST AT THE SOUTH AVENUE/PROVIDENCE ROAD CROSSING.

SUBJECT PHOTOGRAPHS - SEPTA #417 / PECO #D5239



VIEW LOOKING EAST AT THE OAK AVENUE CROSSING.



VIEW LOOKING WEST AT THE SPRINGFIELD ROAD OVERPASS.

SUBJECT PHOTOGRAPHS - SEPTA #417 / PECO #D5239



VIEW LOOKING WESTWARD AT THE SCOTTDALE AVENUE ELEVATED OVERPASS.



VIEW LOOKING EAST AT THE LANSDOWNE AVENUE OVERPASS.

SUBJECT PHOTOGRAPHS - SEPTA #417 / PECO #D5239



VIEW LOOKING WEST AT THE CHURCH STREET ELEVATED OVERPASS.



VIEW LOOKING EAST AT THE CHURCH STREET ELEVATED OVERPASS.

**SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327**



**VIEW LOOKING NORTH FROM ALLENS LANE CROSSING.**



**VIEW LOOKING NORTH FROM MT. PLEASANT AVENUE CROSSING.**

SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327



VIEW LOOKING SOUTH FROM MT. PLEASANT AVENUE CROSSING.



VIEW LOOKING NORTH AT THE GREENE STREET OVERPASS.

SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327



VIEW LOOKING NORTH AT THE JOHNSON STREET OVERPASS.



VIEW LOOKING NORTH AT THE WAYNE AVENUE OVERPASS.

SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327



VIEW LOOKING SOUTH AT THE WAYNE AVENUE OVERPASS.



VIEW LOOKING SOUTH AT THE W. WALNUT LANE OVERPASS.

MICHAEL J. BARTH COMPANY

SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327



VIEW LOOKING NORTH AT THE CHELTEN AVENUE OVERPASS.



VIEW LOOKING SOUTH AT THE QUEEN LANE OVERPASS.

**SUBJECT PHOTOGRAPHS - SEPTA #480 / PECO #P8327**



**VIEW LOOKING NORTH FROM SOUTH OF THE US ROUTE 1 EXPRESSWAY.**



**VIEW LOOKING SOUTH FROM JUST NORTH OF ROBERTS AVENUE,  
NEAR THE SOUTH END OF THE LINE.**

**MICHAEL J. BARTH COMPANY**



**PENNSYLVANIA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS  
REQUIRED CHECKLIST FOR LICENSED APPRAISAL TRAINEE**

**THE BOARD REQUIRES THIS CHECKLIST BE USED WHEN A LICENSED APPRAISAL TRAINEE IS UTILIZED IN THE PERFORMANCE OF AN APPRAISAL. THIS CHECKLIST MUST BE SIGNED BY THE CERTIFIED APPRAISER AND MADE PART OF THE APPRAISAL REPORT THAT IS SUBMITTED TO THE CLIENT AND RETAINED IN THE APPRAISAL WORKFILE.**

**BY COMPLETING THIS CHECKLIST AND MAKING IT PART OF THE APPRAISAL REPORT SUBMITTED TO THE CLIENT, THE TRAINEE AND SUPERVISORY APPRAISER HAVE MET APPLICABLE USPAP REQUIREMENTS FOR ACKNOWLEDGMENT AND DISCLOSURE OF SIGNIFICANT REAL PROPERTY APPRAISAL ASSISTANCE.**

**THE BOARD CANNOT GRANT EXPERIENCE HOURS FOR APPRAISAL ASSIGNMENTS IN WHICH THE LICENSED APPRAISAL TRAINEE IS NOT PROPERLY ACKNOWLEDGED IN THE REPORT.**

SUBJECT PROPERTY ADDRESS: SEPTA / PECO LONGITUDINAL LICENSES

The licensed appraisal trainee to the certified real estate appraiser has contributed significant real property appraisal assistance in this appraisal assignment. Specifically, the licensed appraisal trainee:

- | Yes                                 | No                       | N/A                                 |   |
|-------------------------------------|--------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in the preparation of the workfile with all forms and general information for the appraisal.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in determining the scope of work of the appraisal.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in gathering and entering data as follows: tax assessment information and map, flood hazard information and map, zoning information and map, location map and similar information.                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Inspected the subject property.<br>If yes, accompanied by supervisor? <u>Yes</u> (yes/no)<br>Type of inspection (check one): <input type="checkbox"/> interior <input checked="" type="checkbox"/> exterior |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in analyzing the highest and best use of the subject property.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in gathering information for comparable land sales data, verified and analyzed the comparable land sales data.   |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Assisted in gathering data for the cost approach, including estimates of cost new and accrued depreciation.   |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Assisted in data and analysis for the income approach, including estimates of market rent, vacancy/expense analysis, and development of GRM or capitalization rate.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in gathering and verifying comparable sales data, and analysis of the comparable sales.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in the exterior inspection of the sales, rentals, land and/or other comparables.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in sketch drawing.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in entering subject and comparable data on the form and in the comment areas.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in reconciliation and final opinion of value for the subject property.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Assisted in the final review of this report.  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | Other _____   |

SIGNATURE OF THE APPRAISAL TRAINEE Megan Lewis  
 PRINT/TYPE NAME: Megan Lewis

The supervising certified real estate appraiser certifies that the named individual did assist with the items checked above, and also certifies that he/she reviewed all work done by the trainee. The supervising appraiser further certifies that the person signing this report as trainee understands the concepts and processes associated with the appraisal process.

SIGNATURE OF SUPERVISING CERTIFIED REAL ESTATE APPRAISER: [Signature]



---

M I C H A E L J . B A R T H C O M P A N Y

---

REAL ESTATE APPRAISALS AND CONSULTING  
126 BEAUMONT PLACE : P. O. BOX 659 : GWYNEDD VALLEY, PA 19437-0659  
Telephone: 215-699-0424 Facsimile: 215-699-0423 E-mail: [mjb@mjbappraisal.com](mailto:mjb@mjbappraisal.com)

QUALIFICATIONS OF APPRAISER

MICHAEL J. BARTH, MAI

BUSINESS EXPERIENCE

PRESIDENT - MICHAEL J. BARTH COMPANY, GWYNEDD VALLEY, PA

Duties encompass real estate appraisals, counseling assignments and market/feasibility studies covering all types of property nationwide. Specializing in appraisals of properties situated in the Metropolitan Philadelphia Area, especially Montgomery, Bucks, Chester and Delaware Counties. Serving individual clients, attorneys, governmental agencies, financial institutions, life insurance companies and major corporations.  
August, 1988 to present.

PRIOR EXPERIENCE

Vice President and Real Estate Appraiser - - Associated Appraisal Group (Formerly Joel D. Kulick Company), Glenside, PA.

Activities included real estate appraisals, counseling assignments and market/feasibility studies covering all types of property nationwide, both as a field appraiser and as supervisor for appraisal trainees. Serving individual clients, attorneys, governmental agencies, financial institutions, life insurance companies, syndicators and major corporations. June, 1983 to August, 1988.

Real Estate Appraiser - Reaves C. Lukens Company, Phila., PA  
Activities included special concentration in real estate appraising of commercial and industrial properties of all types throughout the Metropolitan Philadelphia area, New Jersey, Pennsylvania, Delaware and New York. Other duties included appraising large residential developments, estate type properties, and managing residential appraisers in the completion of FNMA appraisals. June, 1977 to June, 1983.

PRIOR EXPERIENCE (Continued)

General Contractor - Michael J. Barth, General Contractors,  
Philadelphia, PA. Business included reconstruction and  
rehabilitation of commercial and residential urban properties.  
June, 1974 to June, 1977.

COURT/BOARD TESTIMONY

Bucks County Board of Assessment  
Delaware County Board of Assessment  
Chester County Board of Assessment  
Montgomery County Board of Assessment  
Federal Eastern Bankruptcy Court  
Montgomery County Court  
New York State County Supreme Court, Erie County  
Philadelphia Board of Revision of taxes  
Philadelphia Municipal Court  
Boards of View in Bucks and Montgomery Counties

PROFESSIONAL AFFILIATIONS

MAI Member - Appraisal Institute,  
Certificate No. 7258  
Pennsylvania Real Estate Broker - License #RB-042631-L  
Pennsylvania Certified General Real Estate Appraiser,  
License #GA-000160-L

PARTIAL LIST OF APPRAISAL CLIENTS

Attorneys

Bruce Herald, Esq.	Kaplin, Stewart, Meloff, Reiter & Stein, P.C.
Fox Rothschild	
Hamburg Rubin Mullin Maxwell & Lupin	Hladik, Onorato & Federman, LLP
Holland + Knight	Neil VanGalen, Esq.
Jules Pearlstine, Esq.	Wisler Pearlstine, LLP

Governmental Agencies

Bucks County	Lower Merion Township
Chalfont Borough	Montgomery County Planning Comm.
Franconia Township	Upper Dublin Township
Federal Aviation Administration	United States FAA

Railroads

Penn Central Corporation	SEPTA
Philadelphia Beltline Railroad	United States Railway Assoc.

PARTIAL LIST OF APPRAISAL CLIENTS (Continued)

Banks

The Bank	Monument Bank
The Bancorp Bank	National Bank of the Main Line
B B & T	National Penn Bank
Beneficial Savings bank	NMT Bank
Community Banks, N.A.	1N Bank
Conestoga Bank	Penn Liberty Bank
Continental Bank	PNC Bank, NA
Cornerstone Bank	Phoenixville Fed. Savings Bank
Crusader Bank	Provident Bank
DNB First	QNB Bank
First Lehigh Bank	Republic Bank
First Nat. Bank of Chester Co.	Royal Bank America
First Niagara Bank (FNFG)	Sovereign Bank
First Priority Bank	St. Edmond's Fed. Savings Bank
First Savings Bank	Stonebridge Bank
First Star Savings Bank	Suburban Community Bank
Firstrust Bank	Susquehanna Bank, PA
Fox Chase Bank	Team Capital Bank
Fulton Bank	TD Bank, N.A.
Harleysville Savings Bank	Univest Bank and Trust Company
Heritage National Bank	Vist Financial
Jefferson Bank	William Penn Savings & Loan
Main Street Bank	Willow Financial Bank
Mellon Bank	

Mortgage & Insurance Companies

Allied Mortgage & Realty Corp.	GMAC Commercial Mortgage Corp.
Boston Mutual Life	John Hancock Real Estate Finance
Capmark Financial	New York Life Insurance Company
Commercial Capital Credit	Pro-Gressive Mortgage Corp.
Commercial Capital Initiatives	Principal Mortgage Co.
Finova Realty Capital, Inc.	Red Capital Inc.

Miscellaneous Corporations

Bergey's, Inc.	Nappen & Associates
Clover Income Properties	Natural Lands Trust
Danella Companies	PACE Supply
Delaware Valley College	PECO Energy Company
Exelon Corporation	Plotts Oil Company
Foulkeways	Resource Investment Corp.
Gambone Development Co.	Schlosser Steel, Inc.
Halfpenny Management Co.	
N. Jonas & Company	

EDUCATIONAL BACKGROUND

Drexel University, Bachelor of Science, Commerce & Engineering  
June, 1975

Cheltenham High School, Wyncote, Pennsylvania, June, 1970

Appraisal Institute (Formerly AIREA)  
Courses 1A, 1B, II-1, II-2, II-3, IV, 520 &  
Standard of Professional Practice

Philadelphia Board of Realtors  
Pennsylvania Title Insurance

Temple University  
House Design, Construction and Architecture

Marshall Valuation Service  
Calculator, Segregated and Computer Cost Estimates

TEACHING ASSIGNMENTS

Understanding Condemnation Appraisals as a custom designed  
Teaching assignment to the Eastern Regional Office of the  
Federal Aviation Administration (FAA), March, 1994.

PROFESSIONAL RECERTIFICATION

As of the date of this report, Michael J. Barth has  
completed the requirements of the continuing education  
program of the Appraisal Institute.

STATE APPRAISAL CERTIFICATION

Pennsylvania Certified General Appraiser  
Certification Number GA-000160-L.

04-2015



M I C H A E L J . B A R T H C O M P A N Y

REAL ESTATE APPRAISALS AND CONSULTING  
126 BEAUMONT PLACE : P. O. BOX 659 : GWYNEDD VALLEY, PA 19437-0659  
Telephone: 215-699-0424 Facsimile: 215-699-0423 E-mail: [mjb@mjbappraisal.com](mailto:mjb@mjbappraisal.com)

QUALIFICATIONS OF APPRAISER

MEGAN E. LEWIS

BUSINESS EXPERIENCE

APPRAISER - MICHAEL J. BARTH COMPANY, GWYNEDD VALLEY, PA

Duties encompass preparation of real estate appraisals, including data collection, analyses, conclusions and opinions. Specializing in appraisals of commercial and industrial properties situated in the Metropolitan Philadelphia Area, especially Montgomery, Bucks, Chester and Delaware Counties. Serving individual clients, attorneys, governmental agencies, financial institutions, life insurance companies and major corporations.  
September, 2009 to present.

PRIOR EXPERIENCE

Supply Chain Analyst II, Global Generic Sourcing - Amerisource Bergen Corporation, Valley Forge, PA

Activities included providing category management team with information needed to negotiate with suppliers, communicating regularly with Finance department to ensure correct rebate billings are sent to suppliers and supporting launch of a web portal accessed by more than sixty suppliers for daily inventory and sales information. September, 2008 to September, 2009.

Supply Chain Analyst I, Supply Chain Services - Amerisource Bergen Corporation, Valley Forge, PA

Activities included providing analytical support to the Supply Chain portion of an annual inventory forecast and evaluation, working with consumer and generic category teams to recommend items to no longer replenish, creating and publishing a series of reports and charts on a monthly basis that provided summary level trends on key supply chain metrics, creating and delivering inventory and sales reports to suppliers. July, 2006 to September 2008.

PRIOR EXPERIENCE (Continued)

Dedicated Account Manager - National Retail Systems, Inc.,  
Secaucus, NJ  
Served as the liaison between Federated Department Stores and  
National Retail Systems, assisting in analyzing bids for new  
business. July, 2005 to July 2006.

PROFESSIONAL AFFILIATIONS

Associate Member - Appraisal Institute  
Pennsylvania Licensed Appraiser Trainee,  
License #LAT000050

Pennsylvania Real Estate Salesperson - Standard  
License #RS320076

EDUCATIONAL BACKGROUND

Appraisal Institute  
Basic Appraisal Principles  
Basic Appraisal Procedures  
National Uniform Standards of Professional Appraisal Practice  
(USPAP), 15-Hour  
Business Practices and Ethics  
Real Estate Finance Statistics and Valuation Modeling  
General Appraiser Income Approach/Part 1  
General Appraiser Income Approach/Part 2  
General Appraiser Sales Comparison Approach  
General Appraiser Site Valuation and Cost Approach  
General Appraiser Report Writing and Case Studies

Real Estate Salesperson Pre-Licensing Courses  
Real Estate Practice  
Real Estate Fundamentals

The Pennsylvania State University - University Park, Bachelor of  
Science, Supply Chain & Information Systems, Minor in Spanish  
May 2005

Mount Saint Joseph Academy, Flourtown, Pennsylvania, May, 2001

STATE APPRAISAL CERTIFICATION

Pennsylvania Licensed Appraiser Trainee  
Certification Number LAT000050.

# RAIL TRAC ASSOCIATES



BOX F, HAVERTOWN, PENNSYLVANIA 19083

#480

(810) 789-3015  
FAX (810) 789-0343

April 1, 2008

Mr. Gerald Maier, Director Real Estate  
Southeastern Pennsylvania Transportation Authority  
1234 Market Street  
Philadelphia, PA 19107

RE: Estimated Value of Annual Rent for PECO Energy Installations  
on SEPTA R8 Line (Chestnut Hill West) between Hunting Park  
Avenue and West Allens Lane in the City of Philadelphia  
Pennsylvania

Dear Jerry:

Having completed at your request an appraisal of a portion of the SEPTA-owned R8 Chestnut Hill West Line, this letter of opinion of the Fair Annual Rent of utility occupations is submitted as a supplement to that report as part of the assignment. I also include my summary of the history of the agreement.

The license and occupations involved are longitudinal overhead electric transmission lines together with support poles. Documents provided by your office indicate the facilities were installed under an original agreement between The Connecting Railway, The Pennsylvania Railroad, and Philadelphia Electric Company dated November 1, 1958 supplemented by letter agreement between successor owner Penn Central Transportation Company and Philadelphia Electric Company effective November 1, 1972.

The original installation was 5.66 miles in length, extending from catenary pole #H-29 north of Hunting Park Avenue to Wyndmoor in Montgomery County. A subsequent abandonment of the Fort Washington Branch and sale in 1965 of a portion of that corridor to Philadelphia Electric reduced the length of the installation remaining on railroad property to 5.53 miles. Conrail as successor to Penn Central conveyed the active line to SEPTA under two conveyances and in 1983 a "Split Agreement" relating to the Philadelphia Electric agreement apportioned to SEPTA 3.99 miles from the original starting point at Pole H-29 the former junction with the Fort Washington Branch at Pole H-121 a short distance north of Allens Lane.

Full Service Property & Engineering Consultants to the Rail & Transit Industries.....Since 1980

Under the 1958 agreement Philadelphia Electric purchased the catenary structures on the 3.99 mile segment. The railroad's traction power cable remained on the structures and extensions were constructed above to carry the electric company's lines. Since 1958 the electric company has been responsible for the maintenance of the poles. A 132Kv circuit was installed under the 1958 agreement and a second line of the same capacity under the 1972 supplement. That installation starts at Pole #H-28 and there is no reference that it was sold to the electric company. The second install leaves the right-of-way for a distance of approximately 1000 feet in the vicinity of Pulaski and returns to the right-of-way.

For valuation purposes the installations were addressed by size and the portion of SEPTA property occupied. The nature and location of each was confirmed by documentation provided by SEPTA and from a physical inspection of the property. The detailed plan of the installations attached to the original agreement was made available from SEPTA's files.

Having calculated the estimated land values for the corridor, I have now applied those values to my estimate of fair rental value of the installations. Given the width of space occupied by the structures and the size of the installations, I must conclude that the full width of the right-of-way is encumbered. A nominal allowance was deducted for station and support areas.

Approach: To arrive at an estimate of value for occupation, the following formula was applied:

$$A \times V \times R \times U = \text{Value}$$

A - Total area of occupation

V - Estimated per acre land value plus Enhancement Factor

R - Rate of Return

U - Percent of occupation to total property width

Calculations:

$$A - 3.99 \text{ mi.} \times 5280 \times 100' / 43560 = 48.4 \text{ Acres}$$

$$V - \$280,000 \times 1.5 = \$420,000/A$$

R - 6%

U - 95%

$$A \times V \times R \times U =$$
$$48.4A \times \$420,000/A \times 6.0\% \times .95 = \$1,158,696$$

**Estimated Fair Annual Rent - Round to \$1,158,696 \***

\*In assessing the new annual rent, I recommend SEPTA must consider an important factor that will modify the new annual amount I have calculated.

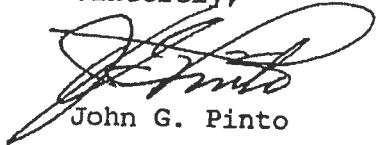
It is the ownership of the structures. PECO owns and maintains the catenary structures. The structures support SEPTA's traction power cables. I assume that SEPTA has 100% utility of the ground horizontally between the standards. There has to be a factor for "cost avoidance" in not having to maintain the structures. SEPTA is in fact PECO's tenant on the structures for the full length of the installation. PECO's occupation is aerial and the ground is not otherwise encumbered. The size of PECO's installations precludes any joint use by another licensee above the catenary cross arms so in effect their use is exclusive.

Assuming a fair annual rent for a catenary structure of double track width is \$2000, at least \$184,000 should be deducted from my above total (92 poles x \$2000). In addition, SEPTA should probably also deduct some amount for maintenance avoidance.

I trust this opinion will be of assistance to you. I am available to discuss my conclusions and recommendations with you prior to your assessing the above amount.

I appreciate the opportunity to have been of service.

Sincerely,



John G. Pinto

JGP/me

cc: N. Steffieri

412

# RAIL TRAC ASSOCIATES

(810) 789-3015  
FAX (810) 789-0343



**BOX F, HAVERTOWN, PENNSYLVANIA 19083**

April 13, 2008

Mr. Gerald Maier, Director Real Estate  
Southeastern Pennsylvania Transportation Authority  
1234 Market Street  
Philadelphia, PA 19107

RE: Estimated Value of Annual Rent for PECO Energy Installations  
on a Segment of rail corridor known as SEPTA Media Elwyn Line  
between S43<sup>rd</sup> Street in Philadelphia and Morton Borough in  
Delaware County, Pennsylvania

Dear Jerry:

Having completed at your request an appraisal of a portion of  
the SEPTA-owned Media Elwyn Line and submitted November 20, 2007  
Letter of Opinion of Fair Annual Rent of a utility occupation on  
the subject line and having discussed that letter with you and  
your staff, I am submitting this revised letter to clarify and  
expand upon my conclusion and recommendation.

The license and occupation involved is an electric  
transmission overbuild on SEPTA-owned catenary structures  
located on the subject segment. It was originally constructed in  
two segments under separate agreements each having twenty-five  
year terms by Philadelphia Electric Company. The two  
installations being essentially a seamless installation on the  
subject rail segment and the agreements expiring within two  
close dates, upon direction from your office and General  
Counsel, the determination was made to value the installations  
as one occupation.

The attached cable installations consist of a 69 KV  
transmission from the junction of the subject R-3 Line (formerly  
PCC Octoraro Branch) and Amtrak in the vicinity of South 43<sup>rd</sup>  
Street in Philadelphia to Fernwood (a distance of 3.14 miles) in  
Delaware County. The capacity of the line increases at that  
point to 132 KV and continues to a point south of Morton Station  
where it leaves SEPTA property (a distance of 4.65 miles). The  
nature and location of each was confirmed by documentation  
provided by SEPTA and from a physical inspection of the  
property. Having calculated the estimated land values for the  
corridor, I have now applied those values to my estimate of fair  
rental value of the installations.

Full Service Property & Engineering Consultants to the Rail & Transit Industries.....Since 1980

4/17/08  
RGM

A x V x R x U = Value  
A - Total area of occupation  
V - Estimated per acre land value plus Enhancement Factor  
R - Rate of Return  
U - Percent of occupation to total property width

Calculation:

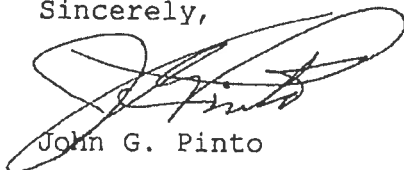
A - 7.79 mi. x 5280 x 66' / 43560 = 62.32 Acres (rounded  
to 60 A. to allow for street crossings)  
V - \$240,000 x 1.25 = \$300,000  
R - 8%  
U - 33 1/3%  
  
60A x \$300,000/A x 0.08 x .3333 = \$479,952

**Estimated Fair Annual Rent (rounded).....\$480,000**

Structures: It is important to note Section 1 (b) of the 1957 Agreement. While the electric company was permitted under the agreement to modify the catenary structures to accommodate their facilities the structures remained railroad property. I calculate there to be 205 structures. To the above annual rent must be added an amount representing rental of the structures. Considering that the overbuild does not encumber the full width thereby precluding occupancy by another longitudinal tenant or for SEPTA use, I would estimate a fair annual pole rental of \$1000 per structure. As I have mentioned in my discussions with your office, I recommend an inquiry to your finance department to determine if SEPTA does carry on its books a capitalized value for the structures. If they do the capitalization factor should be applied at least for a comparison to my recommended amount. I would anticipate that this item will be a matter to be negotiated with the electric company.

I trust this opinion will be of assistance to you. I will happy to discuss in further detail if requested. Please call if any questions.

Sincerely,



John G. Pinto

JGP/me  
cc: N. Steffieri

# RAIL TRAC ASSOCIATES



BOX F, HAVERTOWN, PENNSYLVANIA 19083

# 414

(810) 789-3016  
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January 16, 2008

Mr. Gerald Maier, Director Real Estate  
Southeastern Pennsylvania Transportation Authority  
1234 Market Street  
Philadelphia, PA 19107

RE: Estimated Value of Annual Rent for PECO Energy Installations on SEPTA Route 100 Line (P&W/NHSL) between Township Line Road in Haverford Township, Delaware County and Dekalb Pike in Bridgeport Borough, Montgomery County Pennsylvania

Dear Jerry:

Having completed at your request an appraisal of a portion of the SEPTA-owned Route 100 line, this letter of opinion of the Fair Annual Rent of utility occupations is submitted as a supplement to that report as part of the assignment.

The license and occupations involved are longitudinal overhead electric transmission lines together with support poles and towers. The existing installations were constructed under a 1957 agreement granted to Philadelphia Electric Company having a fifty year term. For valuation purposes the installations were addressed by size and the portions of SEPTA property occupied. The nature and location of each was confirmed by documentation provided by SEPTA and from a physical inspection of the property. The detailed plan of the installations attached to the original agreement was not available in SEPTA's files.

Section A. Township Line Road in Havertown (Haverford Twp) to Landover Road in Bryn Mawr (Radnor Township), Delaware County. It consists of cables carrying a 34 Kv line and support poles with guy wires and anchors. The distance is 3.74 miles and the installation was estimated to encumber one third (.3333) of the width of the right-of-way.

Section B. Landover Road to Matson Ford Road in Lower Merion Township, Montgomery County. It consists of the continuing 34 Kv line plus a 135 Kv with steel towers and poles. The distance is 4.07 miles and the installations estimated to encumber one-half (0.50) of the right-of-way. Several of the poles and towers appear to be off of the subject corridor onto

parcels owned by PECO or others. The extent of these departures could not be verified.

Section C. Matson Ford Road to Dekalb Pike in Bridgeport Borough (King Manor), Montgomery County. It consists of the continuation of the 34.5 Kv pole line that departs for the SEPTA property 350+/- feet southeasterly of Dekalb Pike. The distance is 3 miles.

Having calculated the estimated land values for the corridor, I have now applied those values to my estimate of fair rental value of the installations.

Approach: To arrive at an estimate of value for occupation, the following formula was applied:

$$A \times V \times R \times U = \text{Value}$$

A - Total area of occupation

V - Estimated per acre land value plus Enhancement Factor

R - Rate of Return

U - Percent of occupation to total property width

Calculations:

**Section A:**

$$A - 3.74 \text{ mi.} \times 5280 \times 118' / 43560 = 53.5 \text{ Acres}$$

$$V - \$287,500 \times 1.30 = \$373,400/A$$

$$R - 6\%$$

$$U - 33 \frac{1}{3}\%$$

$$53.5A \times \$373,400/A \times 6.0\% \times .3333 = \$399,500$$

**Section B:**

$$A - 4.07 \text{ mi.} \times 5280 \times 118' / 43560 = 58.3 \text{ Acres}$$

$$V - \$287,500 \times 1.30 = \$373,400/A$$

$$R - 6\%$$

$$U - 50\%$$

$$58.3A \times \$373,400 \times 6.0\% \times 0.50 = \$653,000$$

**Section C:**

$$A - 3.0 \text{ mi.} \times 5280 \times 118' / 43560 = 42.9 \text{ Acres}$$

$$V - \$287,500 \times 1.30 = \$373,400$$

$$R - 6\%$$

$$U - 33 \frac{1}{3}\%$$

$$42.9A \times \$373,400 \times 6\% \times .3333 = \$320,300$$

New Annual Rent .....\$1,372,800\*

\* In assessing the new annual rent, I recommend SEPTA must consider two factors that will modify the new annual amount I have calculated.

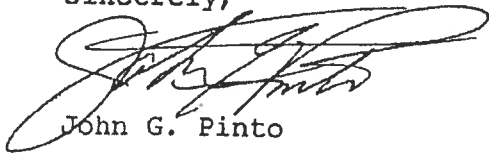
The first is Section B. I noted that portions of the 135Kv. line appear to be off SEPTA property. My best calculation is that the extent of these departures is not significant but does involve several large towers. Absent an exact determination to be agreed upon by the parties, I suggest a reduction in the rental for Section B of 10% (\$65,000).

The second item is contractual. The original (1957) agreement provided (Article 6) that the poles carrying SEPTA-owned lines along the corridor (except terminal poles at substations) "shall be owned and maintained by Electric (PECO)". If this provision is retained in the new agreement, it will be necessary to determine a value for this item to SEPTA and that amount be deducted from the annual rental. Also to be clarified is whether the PECO ownership of said poles is limited to the length of the above three sections occupied by PECO or does it run from State Road in Upper Darby to the Schuylkill River at Bridgeport. The language of the 1957 agreement is not clear on that. That agreement gave PECO rights to install commencing at State Road.

I trust this opinion will be of assistance to you. I am available to discuss my conclusions and recommendations with you prior to your assessing the above amount.

I appreciate the opportunity to have been of service.

Sincerely,



John G. Pinto

JGP/me

cc: N. Steffieri