

**ASSET PURCHASE AGREEMENT**  
**BETWEEN**  
**TOWNSHIP OF SADBURY**  
**AND**  
**PENNSYLVANIA-AMERICAN WATER COMPANY**

**MAY 1, 2018**

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”), dated as of the 1<sup>st</sup> day of May, 2018 (the “Effective Date”) by and between Sadsbury Township, a Township of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania, having a mailing address of 2920 Lincoln Highway, Sadsburyville, Pennsylvania 19369 (“Seller”), and Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with a business address of 800 W. Hersheypark Drive, Hershey, Pennsylvania 17033 (“PAWC”).

### RECITALS

A. Seller owns, maintains and operates a wastewater collection system (“System”), serving 998 customer connections, located within a portion of Sadsbury Township, Chester County, Pennsylvania, and is a customer of PAWC, as more fully set forth on Schedule A (collectively, the “Service Area”).

B. PAWC is a regulated public utility that furnishes water and wastewater services to the public in various counties throughout Pennsylvania, including Chester County, as reflected in PAWC’s duly-filed and effective tariff, as may be amended from time to time upon application by PAWC or as ordered by the Pennsylvania Public Utility Commission (“Tariff”); and

C. Seller desires to sell, and PAWC desires to purchase the System, as well as substantially all assets, properties and rights of Seller owned and used in connection with the System, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

### ARTICLE 1 THE TRANSACTION

1.1 Sale and Purchase of Assets. Subject to the terms, representations and conditions set forth in this Agreement, PAWC shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to PAWC at Closing (hereinafter defined), the Assets. The term “Assets” means all of the assets, properties and rights of Seller (whether tangible, intangible, real, personal or mixed) that are held or used in connection with the System, (including, but not limited to, all such assets, properties and rights listed in the Engineers Assessment of Tangible Assets attached as Schedule 1.1). The Assets shall be sold free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any and all nature (collectively, the “Encumbrances”).

(a) Assets Further Defined. The Assets shall, without limitation to the definition stated above, include the following:

- (i) the Assigned Contracts (as defined in Section 5.1(c));
- (ii) all interests in real estate (excepting public streets and alley-ways), mains, pipes, pipelines, manholes, facilities, meters, tanks, storage facilities, valves, wastewater system network and related appurtenances, structures, improvements, fixtures, rights-of-way, rights, uses, franchises, licenses and easements owned by Seller and relating to

the System, or in which Seller has an interest, and all hereditaments, tenements and appurtenances belonging, appertaining or relating thereto;

- (iii) all machinery, equipment, tools, keys and locks, leasehold improvements, goods, and other tangible personal property relating to the System owned by Seller, or in which Seller has an interest;
- (iv) all rights of Seller under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate, or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization, relating to the System;
- (v) all rights and choses in action of Seller arising out of occurrences before or after the Closing relating to the Assets, including any rights of Seller under any warranties or insurance claims related to the Assets; and
- (vi) all information, files, records, data, geographic information system data, plans, contracts and recorded knowledge relating to the Assets, including customer and supplier lists and property records, related to the foregoing.

#### 1.2 Retained Liabilities.

(a) Except as explicitly provided in Section 1.2(b) below, PAWC shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever (including any obligations related to the Assets or operation of the System), whether express or implied, fixed or contingent, known or unknown at the time of Closing. Except as explicitly provided in Section 1.2(b) below, all of Seller's liabilities and obligations, whether incurred in connection with the operation of the System, ownership of the Assets or otherwise, shall remain the sole responsibility of, and shall be retained, paid, performed and discharged solely by Seller. Without limiting the foregoing, Seller shall be and shall remain liable for all obligations and liabilities incurred on or before the Closing Date relating to (i) employees of Seller (including those who worked on the System) and any employee benefits related thereto (including any pension benefits), (ii) all taxes on the business of Seller, (iii) accounts payable of Seller, and (iv) failure to comply with any Environmental Laws or any Governmental Approvals for the Assets or operation of the System.

(b) Following the Closing, PAWC shall assume only those contractual liabilities arising after the Closing Date under the Assigned Contracts (specifically excluding any liability under the Assigned Contracts arising out of or relating to a breach or other circumstances that occurred on or prior to the Closing Date).

1.3 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, the Assets shall not include any of the following:

(a) Any and all connecting facilities (customer's sewer laterals) originating from Seller's terminus point of the collection facilities at the curb-line or edge-of-road to and throughout the customer's property (the "Customer Sewer Laterals");

(b) Any and all piping and fixtures internal to each individual customer's structure (whether residential, commercial, municipal, industrial or other types);

(c) Any and all grinder pumps, piping and fixtures located at the curb-line or edge-of-the road to and throughout the customer's property and included as components of the Customer Sewer Laterals;

(d) Any and all stormwater system facilities including, but not limited to: (a) facilities located on, in, within, or under the real property, including easements, that is a part of the Assets, (b) facilities that are connected to the System and located within the public rights-of-way and (c) facilities or assets used in the operation of a municipal separate stormwater system;

(e) Seller's cash on hand on the date of Closing and Seller's account receivables related to the System for services rendered through the close of business on the Closing Date;

(f) All rights of Seller under this Agreement and related Bill of Sale and Assignment of Contracts Agreement as it pertains to the transfer and sale herein contemplated; and

(g) the specific assets, properties and rights of Seller set forth on **Schedule 1.3**.

1.4 Accounts Receivable. Accounts receivable for wastewater services related to the System rendered through the close of business on the Closing Date shall be excluded assets as per **Section 1.3**, and accounts receivable for wastewater services related to the System rendered thereafter shall belong to PAWC.

## **ARTICLE 2** **PURCHASE PRICE**

### **2.1 Purchase Price for the Assets**

(a) PAWC has remitted a deposit of THIRTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500.00) (i) which shall be retained by Seller in the event that the Closing does not occur for any reason other than Seller's default under this Agreement or a failure of a condition precedent under Section 8.1 below, and (ii) which, in the event of Closing, shall be applied to the Purchase Price.

(b) Subject to the terms and conditions of this Agreement, the purchase price for the Assets shall be NINE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$9,250,000.00) (the "**Purchase Price**"). The parties agree that the Purchase Price represents the "negotiated purchase price" for such Assets, pursuant to the valuation process set forth in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329. The Purchase Price shall be payable directly to Seller on the Closing Date by wire transfer or by corporate check, at Seller's discretion.

2.2 Use of Fair Market Valuation Process. Following the execution of this Agreement, PAWC and Seller shall each take such any and all further actions as are necessary to invoke, commence and complete the fair market valuation process set forth in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329. Without limiting the generality of the foregoing, PAWC and Seller have each engaged a utility valuation expert from the list of such experts maintained by the Pennsylvania Public Utility Commission ("PUC") and have jointly selected and engaged a licensed engineer for the purposes set forth in Section 1329(a)(4) of the Public Utility Code, 66 Pa.C.S. § 1329(a)(4). The final reports of each of the two utility valuation experts are attached as **Schedule 2.2**. All costs and expenses associated with the utility valuation experts shall be the responsibility of the party engaging such expert. All costs and expenses associated with the licensed engineer jointly selected by the parties were shared equally between PAWC and Seller prior to the execution of this Agreement. PAWC shall submit the application for approval of the transaction contemplated by this Agreement (the

"Application") to the PUC no later than ninety (90) days after the Effective Date and shall diligently pursue the PUC approval of the Application using reasonable efforts in the ordinary course of business; all of which shall include a complete copy of Seller's 537 Service Area Map (Schedule A). Seller agrees to provide such assistance and cooperation as is reasonably requested by PAWC to file and prosecute the Application.

### 2.3 Purchase Price Adjustments.

(a) Any payments made in advance by Seller's wastewater customers for post-Closing service will be apportioned at Closing. PAWC shall receive a credit toward the Purchase Price in Section 2.1 (starting with credit toward the Cash Payment) at Closing for the prorated amount of such advance payments for the period of the payment that is intended to follow Closing.

(b) If the fair market value of the Assets as finally determined by the PUC pursuant to 66 Pa. Cons. Stat. § 1329 (the "Fair Market Value") is less than the Purchase Price, PAWC shall pay a premium of \$300,000 above the Fair Market Value (the "Adjusted Purchase Price"); provided, however, that: (i) the Adjusted Purchase Price shall not exceed the Purchase Price; and (ii) if the Adjusted Purchase Price is \$8,910,000 or less, Seller may terminate this Agreement in accordance with Section 10.1(d).

## ARTICLE 3 THE CLOSING

3.1 Closing. Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Assets ("Closing") shall take place at the offices of PAWC located at 800 W. Hersheypark Drive, Hershey, Pennsylvania, or such other mutually agreed upon location, within thirty (30) days following the date on which all of the conditions set forth in Articles 6 and 7 of this Agreement have been met (or waived). The date of the Closing is referred to herein as the "Closing Date".

### 3.2 Deliveries and Proceedings at Closing.

(a) Subject to the terms and conditions of this Agreement, at the Closing, Seller shall deliver or cause to be delivered to PAWC:

- (i) Bills of Sale and instruments of assignment duly executed by Seller as necessary to transfer all of the Assets to PAWC, including an assignment of contracts agreement covering the assignment and assumption of the Assigned Contracts in substantially the form of Exhibit A ("Assignment of Contracts Agreement");
- (ii) A copy of each Governmental Approval, permit, license, easement, land-right and other necessary authority for the operation of the System and the Assets, in each case validly issued in the name of Seller, and showing in full force and effect;
- (iii) Any consents specifically required by the terms of the Assigned Contracts, leases, easements, intellectual property, Governmental Approvals and other Assets to transfer such items to PAWC;
- (iv) Any necessary written consents (of third parties or otherwise) and Governmental Approvals necessary to ensure that PAWC will continue to have the same full rights with respect to the Assets that Seller had immediately prior to the Closing;

- (v) Evidence reasonably satisfactory to PAWC of the transfer of all utilities with respect to the System from Seller to PAWC in accordance with **Section 6.1(b)** below;
- (vi) One or more Special Warranty Deeds of conveyance of the real estate and easements to PAWC, duly executed and acknowledged by Seller and in recordable form, each sufficient to convey the title and rights of access to the Assets;
- (vii) Such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by PAWC, each in form and substance reasonably satisfactory to PAWC;
- (viii) Certified copies of all ordinances ("**Ordinances**") and all resolutions ("**Resolutions**") duly adopted by Seller authorizing the execution, delivery and performance of this Agreement and all related agreements and the transactions contemplated hereby and thereby;
- (ix) As applicable, a release of all Encumbrances relating to the Assets (along with Form UCC3 Financing Statements effectuating a termination of all outstanding financing statements covering the Assets) executed, filed and/or recorded by the holder of or parties to each such Encumbrance, if any, in each case in substance and form reasonably satisfactory to PAWC and its counsel;
- (x) The certificates and other documents required to be delivered by Seller under this Agreement as set forth in **Section 8.1** hereof;
- (xi) The Opinion of Seller's counsel as set forth in **Section 8.1(g)** hereof; and
- (xii) All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of PAWC and its counsel, be necessary to transfer the Assets to PAWC in accordance with this Agreement, and where necessary, in recordable form.

(b) Subject to the terms and conditions of this Agreement, at the Closing, PAWC shall deliver or cause to be delivered to Seller:

- (i) The Purchase Price;
- (ii) Certified copies of the resolutions duly adopted by PAWC's Board of Directors authorizing the execution, delivery and performance of this Agreement; and
- (iii) The certificates and other documents required to be delivered by PAWC under this Agreement as set forth in **Section 8.2** hereof.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF SELLER**

4.1 **Seller's Representations.** Seller hereby represents and warrants to PAWC as follows:

(a) Organization: Legal Authority. Seller is a duly organized township of the second class of the Commonwealth of Pennsylvania, validly existing, solvent, and in good standing under the laws of the Commonwealth of Pennsylvania, and Seller has the full power and lawful authority to transfer to PAWC the rights, title and interest in and to the Assets.

(b) Assets Ownership. Seller has clear, good, and marketable right and title to, or a valid leasehold interest in, all of the assets, property and facilities comprising the Assets, free and clear of all Encumbrances. **Schedule 4.1(b)** denotes all Assets that are subject to a leasehold interest (i.e., not owned by Seller). None of the Assets are leased or on loan by Seller to any third party. To Seller's best knowledge, the Assets constitute all of the assets, property and facilities that, together with the rights granted or conveyed under the transaction documents, are necessary for the operation of the System, the business thereof, and the Assets as conducted as of the date hereof. Upon the Closing, PAWC shall continue to be vested with good title or a valid leasehold interest in the System and all of the Assets.

All references in this Agreement to "Seller's best knowledge" shall refer to the actual knowledge of the employees of Seller, but shall not refer to any consultants, advisers, attorneys or contractors of Seller. The term "Seller's best knowledge" shall not be construed to impose on such employees any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. There shall be no personal liability on the part of such employees arising out of any representations or warranties made herein or otherwise.

(c) Financial Statements. Seller's Financial Statements that have been made available to PAWC by Seller have been prepared by Seller in accordance with generally accepted accounting principles consistently applied ("GAAP") (subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes). The Financial Statements were prepared from the books and records of Seller, are true, correct and complete and present fairly in all material respects the financial condition, operating results and cash flows of Seller as of the dates and during the periods indicated therein (subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes).

(d) Due Authorization: Valid and Binding; No Encumbrances. Seller has the full power and lawful authority to enter into this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and thereby. Seller has duly and validly authorized the execution and delivery of this Agreement (which has been duly executed and delivered) and all related documents and agreements to which Seller is a party by all necessary proceedings, and this Agreement and all related documents and agreements constitute the valid and binding obligations of Seller enforceable against it in accordance with its terms. Except as set forth in **Schedule 4.1(d)**, no filings or registrations with, notifications to, or authorizations, consents or approvals of, a governmental authority or third party are required to be obtained or made by Seller in connection with the execution, delivery or performance by Seller of this Agreement, all related agreements, or the consummation by Seller of the transactions contemplated herein or therein.

(e) Current Operations. Seller has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, Governmental Approvals, regulatory authorizations and other instruments required to conduct the operations of the System as it has been and is now being conducted and to own and operate the Assets.

(f) No Approvals or Violations. Except as set forth in **Schedule 4.1(d)**, this Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease or

Governmental Approval to which Seller is a party or is otherwise bound or affected, or by which the Assets may be bound or affected. The execution and delivery of this Agreement and all related documents and agreements, and the consummation of the transactions contemplated hereby and thereby, do not violate, conflict with or result in the breach of any term, condition or provision of any instrument, contract, lease, agreement, Governmental Approval, certificate or other document to which Seller is a party or is otherwise bound or affected, or by which the Assets may be bound or affected.

(g) Accounts Receivable. To Seller's best knowledge, all accounts receivable being retained by Seller under Section 1.4 (whether billed or unbilled) (collectively, the "Retained Accounts Receivable"), are valid, genuine and existing and arose (or will have arisen on or prior to Closing) from bona fide sales of products or services actually made in the ordinary course of business on or prior to the Closing Date. To Seller's best knowledge, all products and services with regard to the Retained Accounts Receivable have been provided by Seller (and no further obligations exist), and no offset, agreement for deduction, free goods, discount or deferred price or quantity adjustment has been made with respect to any Retained Accounts Receivable (or with respect to PAWC's accounts receivable for the period after Closing).

(h) Free Service; Customer List; Prepayments. To Seller's best knowledge, Seller has not entered into any agreements or other understandings for the provision of free or otherwise subsidized or discounted services to any parties. To Seller's best knowledge, the data contained in the customer records provided to PAWC under Section 6.1(i) is true and accurate in all material respects. Seller has not received payments made in advance by any third party (including Seller's wastewater customers) for future service (including service after the Closing) with regard to the System or the Assets.

(i) Undisclosed Liabilities. Except as set forth in Schedule 4.1(i), to Seller's best knowledge, there are no material liabilities or obligations of Seller, either accrued, absolute, liquidated or unliquidated, contingent or otherwise, relating to the Assets that would be required to be set forth on a balance sheet prepared under GAAP as applicable to municipal authorities, other than liabilities incurred in the ordinary course. To Seller's best knowledge, there is no basis for any claim against Seller, the System or any of the Assets for any such liability or obligation, and there is no basis for any such liability or obligation to become the liability or obligation of PAWC from and after the Closing.

(j) Condition of Assets. Except for the representations and warranties expressly set forth in this Agreement, Seller is not making any representation or warranty on behalf of Seller of any kind or nature whatsoever, oral or written, express or implied, and disclaims any such other representations and warranties. PAWC EXPRESSLY WAIVES ANY CLAIMS AND CAUSES OF ACTION AND ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, IN EACH CASE RELATING TO THE ASSETS. PAWC ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO INSPECT THE ASSETS INCLUDING THE PHYSICAL CONDITIONS OF THE ASSETS AND THAT EXCEPT TO THE EXTENT OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT IT IS RELYING UPON ITS OWN INVESTIGATION AND ACQUIRING THE ASSETS "AS IS".

(k) Contracts.

(i) Except as set forth in Section 4.1(k)(iv), Schedule 4.1(k)(i) contains a true, complete and accurate list of all agreements (including all verbal agreements and intermunicipal agreements), contracts, leases (including any leasehold interests constituting part of the Assets as described in Section 4.1(b)), licenses, commitments, arrangements and

instruments related to the Assets to which Seller is a party or the Assets are otherwise subject or bound, along with all amendments and addenda related thereto (collectively, the "Contracts"). Schedule 4.1(k)(i) also identifies with an asterisk any Contract which requires consent to, or prohibits, assignment of the Contract. All Contracts are in full force and effect and are valid and enforceable in accordance with their terms, and the parties thereto are in material compliance with the provisions thereof, and there exists no event or condition which with the giving of notice or lapse of time, or both, would constitute a default thereunder. Seller has received, or will receive prior to the Closing, the written consent of each party to the Assigned Contracts designated on Schedule 4.1(k)(i) as requiring consent to the assignment, or otherwise complied with Seller's obligations under Section 6.1(b) hereof. Seller has delivered to PAWC correct and complete copies of those Contracts requested by PAWC, as well as copies of the requisite assignments for each of the Assigned Contracts which effectuates the transfer of the Assigned Contracts to PAWC as of the Closing Date.

- (ii) Except as disclosed on Schedule 4.1(k)(ii), Seller is not a party to any contract or subject to any arrangement for future payment of refunds under any extension agreement, customer deposit agreement or similar arrangement (including any prepaid tap fee) with respect to the Assets or the System.
- (iii) Schedule 4.1(k)(iii) represents the list of equivalent dwelling units ("EDUs") with reserved capacity at PAWC's Coatesville Wastewater Treatment Plant for properties abutting the Assets as of the date of Closing.
- (iv) Seller shall terminate, and Buyer agrees to the termination of, the following agreements at Closing:
  - a. Sewage Treatment Agreement, dated July 7, 1997, between City of Coatesville Authority and Sadsbury Township;
  - b. First Addendum to Sewage Treatment Agreement, dated April 9, 2014, between Sadsbury Township and Pennsylvania American Water Company;
  - c. Agreement, dated July 7, 1997, by and between Sadsbury Township and Sadsbury Sewer Corporation;
  - d. Protocol between City of Coatesville Authority and Sadsbury Sewer Corporation Addendum to Protocol;
  - e. Further Addendum to Protocol, dated August 13, 2003;
  - f. Agreement, dated August 15, 2014, between Pennsylvania American Water Company and Sadsbury Township for termination of water service for failure to pay current sewage bills; and
  - g. Agreement, dated April 7, 2015, between Pennsylvania American Water Company and Sadsbury Township for operations services and personnel (collectively, the "Terminated Agreements").

Seller agrees to waive its rights to any claims under the Terminated Agreements that arose prior to Closing.

(l) Adequacy of Property Rights: Real Property and Easements.

- (i) To Seller's best knowledge, Seller possesses all property rights necessary to operate the Assets and the System, and Seller owns and has good and marketable title to the real property, free and clear of all options, leases, covenants, conditions, easements, agreements, claims, and other encumbrances of every kind, and there exists no restriction on the use or transfer of such property. As it relates to the Assets, **Schedule 4.1(l)(i)** contains a complete and accurate list of the real property owned by Seller and a complete and accurate list of each lease of real property to which Seller is a party (as the lessor, lessee or otherwise). To Seller's best knowledge, Seller's current use and occupancy of the real property and its operation of the System thereon does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such real property. To Seller's best knowledge, all leases, licenses, rights-of-way, and easements related in any manner to the assets and properties comprising the Assets and all other instruments, documents and agreements pursuant to which Seller has obtained the right to use any real property in connection with the Assets are in good standing, valid and effective in accordance with their respective terms, and with respect thereto, there is no existing material default or event that could constitute a material default. To Seller's best knowledge, the real property is properly classified under applicable zoning laws, ordinances, and regulations for the current and continued operation of the System on the real property. To Seller's best knowledge, no proceeding that could adversely affect the zoning classification of the real property is pending or threatened. To Seller's best knowledge, at and after the Closing, PAWC shall have the right to maintain and use the real property, including the space, facilities and appurtenances outside of building lines, whether on, over or under the ground, and to conduct such activities thereon as maintained, used or conducted by Seller on the date hereof, and such right is not subject to revocation. Seller has made available to PAWC copies of all title reports, surveys, title policies and appraisals relating to the real property in its possession.
- (ii) Set forth on **Schedule 4.1(l)(ii)** hereto is a true, correct and complete list of all easements and rights-of-way relating to the real property and the Assets. All of such easements and rights-of-way are valid and will be transferred to PAWC and remain in full force as of the Closing and thereafter. Seller has not received any notice of violation of any easements, covenants, restrictions or similar instruments and there is no basis for the issuance of any such notice or the taking of any action for such violation. To Seller's best knowledge, at and after the Closing, PAWC shall have all rights, easements and agreements necessary for the use and maintenance of water, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the real property.
- (iii) There are no outstanding options, rights of first refusal or rights of first offer to purchase any of the real property or any portion thereof or interest therein, except as otherwise set forth on **Schedule 4.1(l)(iii)**.

- (iv) To Seller's best knowledge, all improvements located on, and the use presently being made of, the real property comply with all applicable zoning and building codes, ordinances and regulations and all applicable fire, environmental, occupational safety and health standards and similar standards established by applicable law, and the same use thereof by PAWC following Closing will not result in any violation of any such code, ordinance, regulation or standard. To Seller's best knowledge, no improvements encroach on any land that is not included in the real property or on any easements affecting such real property, or violate any building lines or set-back lines, and there are no encroachments onto the real property, or any portion thereof, that would interfere with the use or occupancy of such real property or the continued operation of the System as currently conducted.
- (v) To Seller's best knowledge, there is no unpaid tax, levy or assessment against the real property (except for encumbrances relating to assessments not yet due and payable), nor is there pending or threatened any condemnation proceeding against the real property or any portion thereof. **Schedule 4.1(l)(v)** contains a list of all impending taxes, levies and assessments that are due and owing after the Closing Date.

(m) Litigation. To Seller's best knowledge, and except as disclosed on **Schedule 4.1(m)**, there is no action, suit, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending (including any citations, notices, summons or orders), and none are known to be threatened against, pertaining to or affecting the System or any of the Assets (including any such actions, litigation and other claims against Seller) before any court, arbitrator or governmental authority (including any Governmental Authority), nor is there any order, writ, injunction or decree of any court, arbitrator or Governmental Authority, in existence against, pertaining to or affecting Seller (including its commissioners, directors or officers), the System or any of the Assets. Except as noted in **Schedule 4.1(m)**, all matters disclosed in **Schedule 4.1(m)** are fully covered by Seller's insurance. To Seller's best knowledge, there are no known laws, ordinances; regulations or official orders now in effect or pending that could reasonably be expected to have a material adverse effect on the System or the ownership, condition or operation of the System or the Assets. To Seller's best knowledge, there are no actions, suits, claims, proceedings or investigations pending or threatened against Seller, and Seller is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay Seller's ability to perform its obligations under this Agreement.

(n) Tax Matters. To Seller's best knowledge, all taxes owed by Seller have been paid and there are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any tax.

(o) No Material Adverse Conditions. To Seller's best knowledge, there are no facts, circumstances or conditions existing or threatened that would have, or would be reasonably be expected to have, a material adverse effect on the condition, properties, assets, indebtedness, liabilities, commitments, operations or prospects of the System or the Assets.

(p) Compliance with Law. To Seller's best knowledge, except as disclosed on **Schedule 4.1(p)**, Seller is and has been in material compliance with all laws, ordinances, Governmental Approvals and governmental rules and regulations, whether civil or criminal, of any federal, state, local or foreign governmental authority applicable to the operation of the System and the Assets, including Environmental

Laws (defined below) and employee labor, pension and benefits laws, to which Seller, the System or the Assets are subject, and has not failed to obtain, or to adhere to the requirements of, any certificate, license, Governmental Approval or other governmental authorization necessary for the operation of the System and the Assets, nor has Seller committed any violation of law or any provision of its governing documents applicable to the System or the Assets. Except as disclosed on Schedule 4.1(p), Seller has not received, and has no reason to believe that it will receive, notice of any violation of law.

(q) Adequacy of Governmental Approvals. Set forth in Schedule 4.1(q) is a complete and correct list of all permits, licenses, consents, authorizations, orders, adjudications, decisions, judgments or ruling made, or rendered by any court, administrative agency, or other Governmental Authority of competent jurisdiction (individually, a "Governmental Approval" and collectively, the "Governmental Approvals") used by Seller in the continuing operation of the System and for the Assets. To Seller's best knowledge, such Governmental Approvals constitute all those necessary for the continuing operation of the System and for the Assets, and are all valid and subsisting and in full force and effect. To Seller's best knowledge, no fact or circumstance exists that is reasonably likely to cause any such Governmental Approval to be revoked or materially altered subsequent to the execution of this Agreement and the Closing Date, and neither the execution of this Agreement, nor the Closing do or will constitute or result in a default under or violation of any such Governmental Approval. Seller likewise has obtained and continues to possess all Governmental Approvals required under, by or pursuant to Environmental Laws (defined below), has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under Environmental Laws (defined below). Such Governmental Approvals shall be issued prior to Closing in a form and substance and contain terms and conditions that are reasonably satisfactory to PAWC and shall be a Final Order. For purposes of this Agreement, the term "Final Order" shall mean a Governmental Approval by a Governmental Authority as to which (a) no request for stay of the action is pending, no such stay is in effect and if any time period is permitted by statute or regulation for filing any request for such stay, such time period has passed, (b) no petition for rehearing of the action is pending and the time for filing any such petition or application has passed, (c) such Governmental Authority does not have the action under reconsideration on its own motion and (d) no appeal to a court or administrative tribunal of the Governmental Authority's action is pending or in effect and the deadline for filing any such appeal has passed.

(r) Environmental Matters.

- (i) To Seller's best knowledge, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans pertaining or relating to the Assets or the System that may materially impede or prevent compliance with Environmental Laws, and Seller is, and at all times has been, in full compliance with and has not been, and is not in violation of or liable under any applicable Environmental Law. Seller has no basis to expect, nor has it received any actual or threatened order, notice or other communication from any governmental authority or other person of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any environmental, health and safety liabilities with respect to real property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest or with respect to the real property or any other real property at or to which hazardous materials were generated, manufactured, refined, transferred, imported, used or processed by Seller or any other person for whose conduct it is or

may be held responsible, or from which hazardous materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.

- (ii) To Seller's best knowledge, there are no pending or threatened claims, encumbrances or other restrictions of any nature, resulting from any environmental, health and safety liabilities or arising under or pursuant to any Environmental Law with respect to or affecting Seller's real property or any other properties and assets (whether real, personal or mixed) in which Seller has or had an interest. To Seller's best knowledge, neither Seller nor any other Person for whose conduct it is or may be held to be responsible has any material environmental, health and safety liabilities with respect to Seller's real property or with respect to any other properties and assets (whether real, personal or mixed) in which Seller (or any predecessor) has or has had an interest or at any property geologically or hydrologically adjoining the real property or any such other property or assets.
- (iii) To Seller's best knowledge, there are no hazardous materials, except those used in connection with the ordinary course operation of the System in accordance with all Environmental Laws, present on or in the environment at the real property or at any geologically or hydrologically adjoining property, including any hazardous materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the real property or such adjoining property or incorporated into any structure therein or thereon. To Seller's best knowledge, neither Seller, nor any other person for whose conduct it is or may be held to be responsible has permitted or conducted, or is aware of, any hazardous activity conducted with respect to the real property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest except in material compliance with all applicable Environmental Laws. To Seller's best knowledge, there has been no release or threat of release, of any hazardous materials at or from the real property or from or by any other properties and assets (whether real, personal or mixed) in which Seller has or has had an interest (e.g., other properties that may impact or affect the Assets or the System), or any geologically or hydrologically adjoining property, whether by Seller or any other person.
- (iv) To Seller's best knowledge, except as set forth in Schedule 4.1(r)(iv), none of the following exists at the System or on the real property that is part of the Assets: (1) underground storage tanks; (2) asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.
- (v) Seller has delivered to PAWC true and complete copies and results of the following documents now or hereafter in possession or control of Seller: any reports, studies, analyses, tests or monitoring possessed or initiated by Seller or its predecessors pertaining to hazardous materials or hazardous activities in, on or under the real property, or concerning compliance by Seller, its predecessors, or any other person for whose conduct Seller is or may be held to be responsible, with Environmental Laws, said reports, studies, analyses, tests and monitoring to include without limitation, any and all Phase I environmental reports.

(s) Compliance with Decrees. To Seller's best knowledge, Seller has been and is in compliance with all Governmental Approvals, orders, decrees, judgments and notices issued against Seller under or in connection with all Environmental Laws. As used in this Agreement, the term "Environmental Laws" shall include all federal, state, and local environmental laws and regulations, including the Clean Water Act, also known as the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et. seq., the Safe Drinking Water Act, 42 U.S.C. §§ 300 (f) et seq., the Surface Mining Control and Reclamation Act, 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986, Public Law 99-499, 100 Stat., 1613, the Resource Conservation and Recovery Act, 42 U.S.C. 6901, the Atomic Energy Act, Act of August 30, 1954, Ch. 1073, 68 Stat. 919 (codified as amended in scattered sections of 5 U.S.C. and 42 U.S.C.). Any reference to a legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments, opinions directives or notices issued thereunder.

(t) Brokers. Seller has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders' fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which the PAWC has or could have any liability.

(u) Customer Advances. Set forth in **Schedule 4.1(u)** is a complete and accurate list of all unexpired customer advances for construction held by Seller as of the date of this Agreement and extension deposit agreements (or similar agreements) to which Seller is a party (each an "Extension Deposit Agreement"), and which contain unexpired obligations of Seller to provide for the payment of periodic refunds to parties making advances for the construction of facilities for wastewater service. Seller will provide to PAWC within fifteen (15) days of the execution of this Agreement (to be updated at Closing), accurate and complete copies of each such customer advances and Extension Deposit Agreement. To Seller's best knowledge, all records of Seller relating to each Extension Deposit Agreement are complete and accurate in all material respects and, together with the relevant Extension Deposit Agreement, represents all the information reasonably required to determine Seller's obligations to each party to the Extension Deposit Agreements; and there are no disputes or disagreements with any party to an Extension Deposit Agreement relating to the amount due under that agreement or the method of calculating that amount. **Schedule 4.1(u)** may be updated at Closing only with the mutual consent of the parties.

(v) Bulk Sales. The Assets represent less than fifty-one percent of the inventory, fixtures, machinery, equipment, buildings or real estate of Seller and the Seller is not subject to the tax clearance provisions of 72 P.S. §§ 1403, 7240, and 7321.1.

## ARTICLE 5 **REPRESENTATIONS AND WARRANTIES OF PAWC**

5.1 PAWC's Representations. PAWC hereby represents and warrants to Seller as follows:

(a) Organization, Legal Authority. PAWC is a corporation duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania, and PAWC has the full power and lawful authority to accept the rights, title and interest in and to the Assets.

(b) Due Authorization: Valid and Binding. PAWC has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby, and PAWC

has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of PAWC.

(c) Assigned Contracts. PAWC has disclosed on Schedule 5.1(c) those Contracts which PAWC has agreed to assume ("Assigned Contracts"), subject to receiving all necessary consents to assignment in accordance with the terms of Section 8.1(g). PAWC may update Schedule 5.1(c) between the date hereof and up to twenty (20) days before Closing to include any of the Contracts.

(d) Financial Whereewithal. PAWC has sufficient funds on hand to pay the amounts due pursuant to this Agreement.

(e) No Approvals or Violations. Except as provided in Article 7, this Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in any breach of any contract, lease, or Governmental Approval to which PAWC is a party or otherwise bound or affected, or by which the Assets may be bound or affected. The execution and delivery of this Agreement and all related documents and agreements, and the consummation of the transaction contemplated hereby and thereby, do not violate, conflict with or result in the breach of any term, condition or provision of PAWC's articles of incorporation, bylaws or other governing documents, or any instrument, contract, lease, agreement, Governmental Approval, certificate or other document to which PAWC is a party or is otherwise bound or affected.

(f) Absence of Litigation. There are no actions, suits, proceedings or investigations pending or, to PAWC's best knowledge, threatened against PAWC, and PAWC is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay PAWC's ability to perform its obligations under this Agreement.

(g) Brokers. PAWC has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders' fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which the Seller has or could have any liability.

## **ARTICLE 6 COVENANTS**

6.1 Covenants of Seller. From and after the date of this Agreement, Seller covenants and agrees that:

(a) Conduct of Business. Between the date of this Agreement and the Closing Date, Seller shall carry on the operation of the System, the business and the Assets in the ordinary course of business and in compliance with law and Governmental Approvals, not introduce any materially new method of management or operation, use reasonable best efforts to preserve the System, the business and the Assets, conserve the goodwill and relationships of its customers, suppliers, governmental authorities and others having business relations with it, maintain in full force and effect all policies of insurance now in effect for the benefit of Seller, maintain supplies at a level that is sufficient to operate the System in accordance with past practice and maintain the Assets in substantially the condition currently existing, normal wear and tear excepted. Without limiting the foregoing, Seller shall not sell, lease, dispose, retire, distribute or encumber any of the Assets, or construct, purchase or acquire any new assets, properties or rights relating to the System or Assets, or enter into a commitment or contract to do any of the foregoing (other than the purchase and use of supplies and

maintenance of the System and the Assets in the ordinary course of business), without the prior written consent of PAWC.

(b) Contracts and Commitments. Except normal and usual commitments for the purchase of materials and supplies consistent with past practice, no contract or commitment shall be entered into by or on behalf of Seller relating to the System or the Assets that would place an Encumbrance thereon or materially affect the operation of the System, the business or the Assets after Closing, except for those commitments approved or ratified in writing by PAWC (including, but not limited to, any sewer extension agreement for Sadsbury Commons). Seller shall use reasonable commercial efforts to obtain, prior to Closing, the written consent of each party to the Assigned Contracts designated on **Schedule 4.1(k)(i)** the terms of which require consent to the assignment. Notwithstanding any other provision of this Agreement, to the extent that any consent necessary for the assignment from Seller to PAWC of the Assigned Contracts is not obtained, or cannot be obtained, prior to the Closing Date, Seller shall use its commercially reasonable efforts to secure an arrangement reasonably satisfactory to PAWC intended to provide for PAWC following the Closing all of the material benefits of Seller under such Assigned Contracts; provided, that nothing in this Section 6.1(b) shall constitute a waiver of the condition set forth in Section 8.1(g); and provided, further, that PAWC shall not be obligated to assume, and shall not be liable under, any Assigned Contract for which Seller has not obtained all necessary consents, or otherwise secured an alternative arrangement satisfactory to PAWC (in its reasonable discretion) as provided above.

(c) Release of Encumbrances. Seller shall take all action necessary to cause the release, cancellation and discharge of any and all Encumbrances, so that as of the Closing Date, the Assets will be free and clear of any and all such Encumbrances. Seller also agrees not to create any new Encumbrances on the System or Assets from and after the date of this Agreement without the prior written consent of PAWC.

(d) Material Events and Circumstance. Seller shall promptly inform PAWC in writing of any specific event or circumstance of which Seller is aware, or of which Seller receives notice, that has or is reasonably likely to have, individually or in the aggregate, taken together with the other events or circumstances, a material adverse effect on the System or the Assets.

(e) Supplemental Information.

(i) Seller shall provide PAWC, within fifteen (15) days of execution or the date of receipt thereof, a copy of (a) each of the Contracts entered into by Seller after the date hereof and prior to Closing relating to the System or the Assets; (b) a copy of any written notice of assessments for public improvements against any of the Assets received after the date hereof and prior to Closing; (c) any writs of summons or complaints filed against Seller or its representatives for any and all claims relating to the System or the Assets; and (d) a copy of the filing of any condemnation, eminent domain or similar proceeding affecting all or any portion of the System or the Assets received after the date hereof, but prior to the Closing.

(ii) Seller shall notify PAWC within fifteen (15) days of the receipt of any notice of violation.

(f) Regulatory Consents. Seller shall at all times, use its best efforts to and diligently pursue all approvals, authorizations, consents and Governmental Approvals required to be obtained to consummate the transaction contemplated by this Agreement, including approval of any necessary revision to the Act 537 Plan.

Seller shall (i) as promptly as practicable, make or cause to be made such filing and submissions under the laws, rules and regulations applicable to it as may be required for Seller to sell the Assets pursuant to the terms of this Agreement; and (ii) keep PAWC apprised of the status of any filing or submission to any such governmental or regulatory agency. Seller shall also execute all relevant transfer applications and forms such that any permits associated with the Assets, including without limitation, those listed on **Schedule 4.1(q)** shall transfer to PAWC. Such transfer forms will be prepared by PAWC in conjunction with Seller and executed by PAWC and Seller prior to Closing and subsequently filed by PAWC with the appropriate regulatory agencies.

(g) **Township Ordinances.** To the extent that the Seller has ordinances or laws that require properties to connect to and remain connected to the System, Seller shall maintain such ordinances or laws so long as the Assets, or modifications, renewals, replacements thereto, exist within the 537 Service Area as depicted on **Schedule A**; provided, however, that to the extent Seller enforces such ordinances or laws on behalf of Buyer, Buyer must pay or reimburse Seller for its costs of enforcement. Prior to Closing, Seller shall complete the dedication of all Assets (including but not limited to all assets listed in the Engineer's Assessment of Tangible Assets attached as **Schedule 1.1**).

(h) **Access.** Seller shall provide PAWC and its representatives free and full access to and right to inspect, during normal business hours and upon forty-eight (48) hours prior written notice, all of the premises, properties, assets, records, Governmental Approvals, contracts and other documents relating to the Assets and shall permit PAWC to consult with its officers, employees and other representatives for purposes of making such investigation of the Assets as PAWC shall desire to make, provided that no investigation shall unreasonably interfere with the Seller's operation of the System or its business.

(i) **Customer List.** Within thirty (30) days of execution of this Agreement, Seller shall provide PAWC an accurate and complete listing of all customers of the System. This customer list shall provide the customer names, service addresses, billing addresses, and meter sizes and serial numbers in meter reading route sequence and shall denote those customers from which Seller has received notice to cancel or intend to cancel their account with Seller (or PAWC after Closing). This customer list shall be true and correct as of the date such list is provided to PAWC and shall be updated at Closing and provided to PAWC at Closing so as to be true and correct as of the Closing Date.

(j) **Customer Advances.** Prior to the Closing Date, Seller shall complete the construction of all mains and facilities for which Seller has received customer advances and return all unexpended customer advances to the appropriate depositor. Provided, however, that for projects acceptable to and approved in writing by PAWC, Seller may pay over to PAWC the unexpended customer advances, and PAWC shall assume all of the responsibility of Seller as to those unexpired customer advances and shall be bound by the terms and conditions contained in the Extension Deposit Agreements. PAWC shall not assume any responsibility for any unexpired customer advances received by Seller, or for any Extension Deposit Agreements to which Seller becomes a party, except as specifically agreed to in writing.

(k) **Updating of Information.** Between the date of this Agreement and the Closing Date, Seller will deliver revised or supplementary Schedules to this Agreement, containing accurate information as of the Closing Date, in order to enable PAWC to confirm the accuracy of Seller's representations and warranties and otherwise effectuate the provisions of this Agreement. The receipt by PAWC of any revised or supplementary Schedules to this Agreement shall in no way prejudice PAWC's right to terminate this Agreement based upon the failure of any condition to be satisfied under **Section 8.1** hereof or seek indemnification under **Section 9.1**. Seller will promptly inform PAWC, in writing, of the occurrence or failure of any action or event that

would violate Seller's representations and warranties under this Agreement or render them inaccurate as of the date hereof or the Closing Date or that would constitute a breach of any covenant of Seller under this Agreement or a failure of any condition to the obligations of either Seller or PAWC under this Agreement.

(l) Retention of Records. Seller shall preserve any books and records relating to the System and the business that are not delivered to PAWC hereunder for a period no less than seven (7) years after the Closing Date (or such longer period as shall be required by applicable law), and Seller shall make available such books and records for review and copying to PAWC and its authorized representatives following the Closing at PAWC's expense upon reasonable notice during normal business hours. During such period, Seller shall permit, to the extent permitted by applicable law and upon request of PAWC, PAWC and any of its agents, representatives, advisors or consultants reasonable access to all properties, books, contracts and records of Seller related to the System and employees of or servicing the business for information related to periods up to and including the Closing.

## 6.2 Title Information.

(a) Within thirty (30) days after the Effective Date, Seller shall deliver to PAWC true, correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements in Seller's possession relating to title to the real estate and easements constituting part of the Assets, as well as any amendments thereto through to Closing. Within forty-five (45) days after the Effective Date, PAWC and Seller shall meet to review the title information to determine whether Seller has sufficient real estate rights and continuous rights-of-way to permit PAWC, upon Closing, to operate a continuous wastewater system, including lines, facilities fittings and appurtenances necessary to operate such wastewater system, and that such rights are represented by legal instruments in appropriate form, duly recorded. Upon notification by PAWC that such legal rights for the System are not sufficient for the operation of the System, Seller shall, at its sole expense, secure such additional legal rights as PAWC may request.

(b) For the certain easements listed on Schedule 4.1(l)(ii), PAWC shall obtain a preliminary title search within sixty (60) days of the Effective Date for the purpose of determining the status of such identified easements to be conveyed to PAWC pursuant to this Agreement. Unless PAWC provides notice within ninety (90) days of the Effective Date of (i) any issues or title exceptions which would prevent a title insurance company from insuring such identified easements, at its regular rates, or (ii) the quality of title to be conveyed to PAWC from Seller for such identified easements, then PAWC waives all issues concerning the marketability and title to such identified easements so long as the final bring-down search required for Closing contains no such existing and/or additional objections or title exceptions, and PAWC is able to purchase title insurance at regular rates with good and marketable title.

(c) If PAWC provides notice within ninety (90) days of the Effective Date of (i) any rights-of-way or easement relating to the System that has not been obtained by the Seller, or (ii) of any rights-of-way or easement that has been obtained by the Seller but such rights-of-way or easement is unrecorded or such rights-of-way or easement is not sufficient to operate the System as currently conducted (collectively, "Missing Rights-of-Way or Easements"), and such Missing Rights-of-Way or Easements are outside of any public right-of-way, Seller shall take any and all actions (including the use of its power of condemnation) as may be necessary to obtain any Missing Rights-of-Way or Easements so that the same may be sold, assigned, transferred and conveyed to PAWC at the Closing pursuant to the terms and conditions of this Agreement. All costs and expenses incurred in connection with obtaining each such Missing Rights-of-Way or Easements (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain missing easements) shall be paid by the Seller. If PAWC fails to provide

notice of such Missing Rights-of-Way or Easements within ninety (90) days of the Effective Date, PAWC waives all issues concerning such Missing Rights-of-Way or Easements.

6.3 Stormwater Facilities. Seller will retain ordinances that prohibit stormwater system facilities from being connected to or from causing storm water infiltration into the System. Such ordinances shall be no less restrictive with regard to storm water discharges into or infiltrating the System after Closing than they were prior to Closing, to the extent permitted by law.

6.4 Dual Meter Readings. On or about the Closing Date, PAWC and Seller shall take a dual meter reading for each of the customers of the System, which shall be used for (i) Seller to issue a final invoice to customers covering the period on and before the Closing Date, and (ii) PAWC to obtain its initial meter reading for future invoices covering the period after the Closing Date. The parties shall coordinate in good faith and agree upon these meter readings at such time, which shall be used for such invoices and all accounts receivable being retained by Seller (per Section 1.4). Meter readings apply to all customers of Seller, including those customers who installed meters (approved by Seller) on their wells (approximately 240 residential and 10 commercial customer accounts) and one commercial customer who installed a meter (approved by Seller) on its sewer line. Following Closing, PAWC currently intends to continue to obtain meter readings from these 251 customer owned and maintained meters until such time as PAWC replaces each meter with a PAWC radio frequency meter to improve operational efficiency in maintaining its practice of billing customers based upon metered usage consumption.

6.5 Further Assurances. Each party to this Agreement shall cooperate and deliver such instruments and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby. After the Closing, each party shall take such other actions and execute such other documents, instruments certifications, and further assurances as Seller or PAWC, as the case may be, may reasonably require in order to make effective the transactions contemplated hereby (including to transfer to PAWC or to put PAWC more fully in possession of any of the Assets).

6.6 Cooperation. Subject to the terms and conditions of this Agreement, the parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable law to make effective the contemplated transactions as promptly as practicable. Prior to the Closing, the parties shall proceed expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth herein. Any and all filing fees in respect of such filings shall be paid by Seller, with the exception of: (i) those fees implemented by the PUC, and (ii) those fees to transfer the Permit to PAWC, both of which shall be paid by the PAWC. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments not obtained prior to Closing, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Seller hereby agrees to cooperate with PAWC to ensure a proper transition of all customers with respect to billing and customer service activities, including assisting PAWC to place all customer information in a format reasonably requested by PAWC.

6.7 Rules and Regulations of Service At and After Closing. Except as otherwise may be provided in this Section 6.7 regarding rates, PAWC shall apply, at and after Closing, its then-existing miscellaneous fees and charges, rules and regulations for wastewater service as set forth in its Tariff. PAWC shall implement Seller's wastewater rates then in effect at Closing as PAWC's effective wastewater base rates for the service

area presently being served by Seller; provided that, PAWC shall have no obligation to fulfil or maintain any agreements or other understandings for the provision of free or otherwise subsidized or discounted services to any parties. Seller's wastewater rates to be implemented by PAWC at Closing are shown in Schedule 6.7. PAWC intends to bill on a monthly basis. For all miscellaneous fees and charges, PAWC will implement its existing miscellaneous fees and charges, rules and regulations including PAWC's capacity reservation fee for new EDUs. For clarification purposes, with the exception of those EDUs listed on Schedule 4.1(k)(iii), PAWC will charge a capacity reservation fee of \$4,000 per new equivalent discharge units for the allocation of treatment, pumping, and transmission, truck and interceptor main capacity, commencing with the date of Closing. No capacity reservation fee will be charged for any applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 (excluding clause (iii) of that definition) if "wastewater" were substituted for "water".

6.8 Intentionally Left Blank.

## ARTICLE 7

### PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

7.1 Pennsylvania PUC Approval. The obligation of PAWC to consummate the transactions contemplated by this Agreement are conditioned upon PAWC receiving a Final Order(s) from the PUC in form and substance and containing terms and conditions reasonably satisfactory to PAWC. PAWC covenants and agrees to initiate, and use commercially reasonable efforts to prosecute the necessary proceedings to obtain the approval of the PUC for: (a) this Agreement and the transactions contemplated hereby which require approval by the PUC, including the transfer by sale of the Assets to PAWC and the Assignment of Contracts Agreement; (b) the right of PAWC to provide wastewater service to the public primarily in the Service Area as set forth in Schedule A; (c) the right of PAWC to apply after Closing PAWC's rules and regulations for service as set forth in PAWC's Tariff for the service area presently being served by Seller's System; (d) the right of PAWC to adopt Seller's rates as PAWC's base rates in the area to be served at the time of Closing; and (e) any other approval as may be appropriate to consummate the transactions contemplated by this Agreement. Seller, by this Agreement, covenants and agrees to provide such information, documents and assistance as may be reasonably requested by PAWC in connection with any such proceedings and to otherwise cooperate in the initiation and prosecution of any such proceeding.

## ARTICLE 8

### CONDITIONS PRECEDENT

8.1 Conditions Precedent to PAWC's Obligations. The obligation of PAWC to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by PAWC in its sole discretion):

(a) Representations and Warranties. Seller's representations and warranties set forth in this Agreement or in any Schedule, list, certificate or document delivered pursuant to this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably satisfactory to PAWC.

(b) Performance of Covenants and Agreements. Seller shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably satisfactory to PAWC.

(c) Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the System or the Assets (including a material loss of customers or Contracts), whether covered by insurance or not.

(d) Release of Liens. All necessary action shall have been taken to cause the release, cancellation and discharge of any and all Encumbrances so that as of the Closing, the Assets shall be free and clear of any and all Encumbrances, and Seller shall have provided PAWC with such opinions, instruments or documents as PAWC may reasonably request, and in form and substance satisfactory to PAWC, evidencing the release, cancellation and discharge of any and all Encumbrances and that the Assets are not subject to any liens or Encumbrances.

(e) Other Regulatory Consents. Seller shall have obtained all Final Orders (including consents for Governmental Approval transfers) that are required to consummate the transactions contemplated by this Agreement and for PAWC to operate the System and the Assets after the Closing, including all Governmental Approvals from the Pennsylvania Department of Environmental Protection (the "DEP") and every regulatory agency of federal, state or local government that may be required in PAWC's opinion, each in form and substance (including with respect to the terms and conditions contained in any such approval) acceptable to PAWC in its reasonable discretion.

(f) Intentionally Left Blank

(g) Opinion of Counsel and Resolution. Seller shall have delivered to PAWC a written Opinion of Seller's counsel, dated as of the Closing Date and addressed to PAWC, in the form set forth in Schedule 8.1(g), along with a copy of the Resolutions, certified by their proper representatives, approving the execution, delivery and performance of this Agreement by Seller, together with the certificate of its proper representatives that said Resolutions are in full force and effect and were duly adopted.

(h) Contractual Consent. Seller shall have obtained written approvals, authorizations and consents of transfer to all Assigned Contracts and Governmental Approvals, to the extent specifically required by the terms of such Assigned Contracts and Governmental Approvals.

(i) Certification of Financial Information. Seller shall have delivered to PAWC a certificate, in substantially the form set forth in Schedule 8.1(i), executed by its authorized representative in the form and substance satisfactory to PAWC, listing (i) the amount of its net outstanding long-term debt or notes, if any, related to the System (ii) all unexpired customer advances for construction and unexpired contributions in aid of construction as of the Closing Date, and (iii) and any and all additions or retirements to the System during the period from the date of execution of this Agreement to the Closing Date, together with the cost thereof.

(j) Closing Deliveries. Seller shall have delivered all documents required to be delivered by it pursuant to Section 3.2(a).

(k) Act 537 Plans. Any and all Act 537 Plans that DEP requires to be updated as a result of PAWC's purchase shall be revised and approved prior to Closing unless otherwise agreed to in writing by the parties to this Agreement.

(l) Proceedings. No provision of any law or order shall be in effect, and no proceeding by any person shall be threatened or pending before any governmental authority, or before any arbitrator, that would: (i) prevent consummation of the contemplated transactions; (ii) have a likelihood of causing the contemplated transactions to be rescinded following consummation; (iii) adversely affect the right of PAWC to own any of the Assets or operate the System; or (iv) adversely affect the System prospects or the value or condition of any of the Assets or the System.

(m) Intentionally Left Blank.

(n) Intentionally Left Blank.

(o) PUC Approval. The PUC shall have entered a Final Order (or Final Orders) providing the approvals set forth in **Section 7.1**.

8.2 Conditions Precedent to Seller's Obligations. The obligation of Seller to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by Seller in its sole discretion):

(a) Representations and Warranties. PAWC's representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing, with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

(b) Performance of Agreements. PAWC shall have performed and complied, in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

(c) Closing Deliveries. PAWC shall have delivered the Purchase Price and all documents required to be delivered by it pursuant to **Section 3.2(b)**.

## ARTICLE 9

### INDEMNIFICATION

9.1 Indemnification By Seller. Seller shall fully pay, protect, defend, indemnify and hold harmless the PAWC and its affiliates and their respective officers, directors and agents and representatives ("PAWC Indemnified Parties") from any and all Damages arising out of, resulting from, relating to or caused by: (i) a misrepresentation, inaccuracy in or breach of (or any claim by any third party alleging or constituting a misrepresentation, inaccuracy in, or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by Seller; (ii) any and all liabilities of Seller of any nature (including the retained liabilities in **Section 1.3(a)**),

whether due or to become due, whether accrued, absolute, contingent or otherwise, whether accruing prior to or after the Closing Date, or arising out of any transaction entered into, any state of facts existing or any event occurring on or prior to such date, and any Encumbrance affecting the Assets or the System; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Seller or otherwise as a result of or on account of the Assets or the System incurred at any time on or prior to the Closing Date; (iv) the ownership and/or operation of any of the Assets or the System on or prior to the Closing Date; (v) any proceeding now existing or hereafter arising and relating to the Assets or the System and arising from events or matters occurring on or prior to the Closing Date, regardless of when realized; (vi) all assets, properties and rights of Seller excluded from the Assets; (vii) any and all liabilities relating to the employees, agents and independent contractors of Seller who performed services for Seller or related to the System or the Assets, regardless of whether such liabilities arose from events occurring prior to or after the Closing; (viii) the failure to comply with the provisions of any so-called bulk transfer or bulk sale law of any jurisdiction in connection with the sale of the System and the Assets to PAWC, and (ix) transaction costs and expenses incurred by or on behalf of Seller in connection with this Agreement or the contemplated transactions.

No information or knowledge acquired, or investigations conducted, by PAWC or its representatives, of Seller, the Assets, the System or otherwise, shall in any way limit, or constitute a waiver of, or a defense to, any claim for indemnification by PAWC Indemnified Parties under this Agreement.

As used in this Agreement, the term "Damages" means all losses, damages, assessments, judgments, awards, fines, penalties, taxes, interest, costs and expenses (including actual, reasonable out-of-pocket third party costs, fees and expenses of legal counsel and reasonable out-of-pocket third party costs, fees and expenses of investigation).

9.2 **Indemnification By PAWC.** PAWC shall fully pay, protect, defend, indemnify, defend and hold harmless Seller and its affiliates and their respective officers, directors and agents and representatives ("Seller Indemnified Parties"), from any and all Damages arising out of, resulting from, relating to or caused by (i) a misrepresentation, an inaccuracy in or breach of (or any claim by any third party alleging or constituting a misrepresentation, an inaccuracy in, or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by PAWC, (ii) any and all liabilities of PAWC of any nature, whether due or to become due, whether accrued, absolute, contingent or otherwise, whether accruing prior to or after the Closing Date, or arising out of any transaction entered into, or any state of facts existing or any event occurring on, prior to or after such date related to PAWC's operation of the System and the Assets on or after the Closing Date, (iii) assessments, charges, and other similar claims due or owing directly or indirectly, by PAWC or otherwise as a result of or on account of the Assets or System incurred at any time on or after the Closing Date, (iv) the ownership and/or operation of any of the Assets or the System on or after the Closing Date, (v) any proceeding now existing or hereafter arising and relating to the Assets and the System and arising from events or matters occurring on or after the Closing Date, (vi) any and all liabilities relating to employees, agents, and independent contractors of PAWC who performed services for PAWC or related to the System or Assets, regardless of whether such liabilities arose from events occurring prior to or after the Closing Date, and (vii) transaction costs and expenses incurred by or on behalf of PAWC in connection with this Agreement or the contemplated transactions.

No information or knowledge acquired or investigations conducted by Seller or its representatives, of PAWC shall in any way limit, or constitute a waiver of, or a defense to, any claim indemnification by Seller Indemnified Parties under this Agreement.

9.3 Survival of Representations and Warranties. All representations, warranties, covenants and agreements made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder or in connection with the negotiation, execution and performance of this Agreement shall survive the Closing. Notwithstanding any investigation or audit conducted before or after the Closing Date, or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties, covenants and agreements set forth herein and therein. Notwithstanding anything contained herein or elsewhere to the contrary, all "material" and "material adverse effect" or similar materiality type qualifications contained in the representations and warranties set forth in this Agreement shall be ignored and not given any effect for purposes of the indemnification provisions hereof, including for purposes of determining the amount of any Damages.

9.4 Notice of Claim. If either party seeks indemnification on behalf of an indemnified person, such party seeking indemnification (the "Indemnified Party") shall give reasonably prompt written notice to the indemnifying party (the "Indemnifying Party") specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; provided, however, that the right of a person or entity to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay the amount of any valid claim not more than ten (10) days after the Indemnified Party provides notice to the Indemnifying Party of such amount. **ARTICLE 10**

## TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Closing only (a) by mutual written consent of Seller and PAWC; (b) by Seller or PAWC upon written notice to the other, if the Closing shall not have occurred on or prior to three hundred sixty-five (365) days after the Effective Date; provided, however, that the right to terminate this Agreement under this Section 10.1 shall not be available to any party whose breach under this Agreement has caused or resulted in the failure of the Closing to occur on or before such date; (c) by PAWC, if PAWC is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a breach of a representation, warranty, covenant or agreement contained in this Agreement on the part of Seller and Seller has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); (d) by Seller, within five (5) business days after entry of a Final Order by the PUC of the Fair Market Value, if the Adjusted Purchase Price is \$8,910,000 or less; (e) by either party, if, within two hundred seventy (270) days after the Effective Date, PAWC or Seller, as applicable, is not satisfied (in its sole and absolute discretion) with the prospects of obtaining all regulatory consents and approvals; (f) by Seller, if Seller is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of PAWC and PAWC has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); or (g) by Seller or PAWC upon written notice to the other, if any court of competent jurisdiction or other competent governmental entity shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the contemplated transactions, and such statute, rule, regulation, order, decree or injunction or other action shall have become final and non-appealable.

10.2 Effect of Termination. The right of each party to terminate this Agreement under Section 10.1 is in addition to any other rights such party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.1, all further obligations of the parties under this Agreement will terminate, except that the obligations set forth in this Section 10.1 (“Effect of Termination”) and Article 11 (“Miscellaneous”) will survive; provided, however, that if this Agreement is terminated by a party because of the breach of the Agreement by another party or because one or more of the conditions to the terminating party’s obligations under this Agreement is not satisfied as a result of the other party’s failure to comply with its obligations under this Agreement, the terminating party’s right to pursue all legal remedies will survive such termination unimpaired.

## ARTICLE 11

### MISCELLANEOUS

11.1 Contents of Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

11.2 Binding Effect. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the legal representatives, successors and assigns of Seller or PAWC.

11.3 Waiver. Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

11.4 Transfer Taxes. Any transfer taxes imposed on the conveyance or transfer of any real property pursuant to this Agreement shall be split equally by PAWC and Seller (i.e., each pay 50% of such taxes).

11.5 Notices. Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally, by facsimile (if followed by overnight courier on the same date) or sent by nationally recognized overnight courier, as follows:

If to PAWC:

Pennsylvania-American Water Company  
800 W. Hersheypark Drive  
Hershey, Pennsylvania 17033  
Attention: General Counsel  
Fax: 717-531-3399

With a required copy to:

Pennsylvania-American Water Company  
100 Cheshire Court, Suite 104  
Coatesville, Pennsylvania 19320

Attention: Bernard J. Grundusky, Director of Business Development  
Fax: 610-384-2996

If to Seller:

Township of Sadsbury  
2920 Lincoln Highway  
Sadsburyville, Pennsylvania 19369  
Attention: Township Manager  
Fax: 610-857-2690

With a required copy to:

Lamb McErlane PC  
24 E. Market Street  
P.O. Box 565  
West Chester, PA 19381  
Attention: Vincent M. Pompo  
Fax: 610-692-6210

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

11.6 Law to Govern. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to any conflicts of law's provisions.

11.7 No Benefit to Others. The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

11.8 Interpretation. All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. Unless otherwise indicated, the words "including", "includes", "included" and "include", when used, are deemed to be followed by the words "without limitation."

11.9 Schedules. All Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

11.10 Severability. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable

such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

11.11 Counterparts. This Agreement may be executed by facsimile, electronically or by exchange of documents in PDF format, and in several counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single agreement. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

11.12 Risk of Loss. Seller assumes risk of loss in connection with the Assets prior to Closing, including risk of loss from fire and other casualty. In the event of any loss or damage to any of the Assets, PAWC at its option, prior to or at Closing shall have the right to (i) request that the damaged asset be replaced or restored to substantially the same condition of the asset as of the date of this Agreement; (ii) request an adjustment to the Purchase Price as can be agreed upon by the parties, or (iii) request the insurance proceeds of Seller and/or other moneys to enable PAWC to make a proper restoration of the damaged asset.

11.13 Environmental Assessment. Without limiting the parties rights and obligations under this Agreement (including Sections 6.1(h), 8.1(k) and 10.1(d)), after the date of this Agreement and until the Closing Date, PAWC shall have the reasonable right to enter upon the property and facilities constituting the System, after making reasonable prior arrangement with Seller's solicitor, for the purposes of conducting an environmental assessment of the System. PAWC shall notify Seller's solicitor in writing if the environmental assessment reveals the presence of oil or petroleum products or any hazardous or toxic wastes or materials or storage of fuel tanks or any other environmental hazard or contamination. Within fifteen (15) days of the date of such notice, Seller shall advise PAWC in writing as to whether Seller can cure the environmental hazard or contamination and, if so, what remediation actions Seller will take to cure. In connection with such environmental assessment, PAWC shall have the right, in PAWC's sole discretion, to terminate this Agreement upon written notice to Seller.

11.14 Specific Performance and Injunctive Relief; Remedies. The parties hereto recognize that if either of them fails to perform, observe or discharge any of their respective obligations under this Agreement, a remedy at law may not provide adequate relief to the other party. Therefore, in addition to any other remedy provided for in this Agreement or under applicable law, a party hereto may demand specific performance of this Agreement, and such party shall be entitled to temporary and permanent injunctive relief, in a court of competent jurisdiction at any time if the other party fails to comply with any of the provisions of this Agreement applicable to such party. To the extent permitted by applicable law, the parties hereby irrevocably waive any defense based on the adequacy of a remedy at law that might be asserted as a bar to such party's remedy of specific performance or injunctive relief. Except as otherwise provided herein, all rights and remedies of the parties under this Agreement are cumulative and without prejudice to any other rights or remedies under law. Nothing contained herein shall be construed as limiting the parties' rights to redress for fraud.

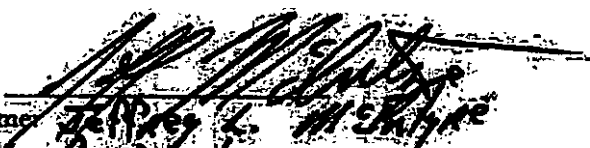
[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

**TOWNSHIP OF SADBURY**

By:   
Name: DAVID M. JERNICOS  
Its: CHAIRMAN

**PENNSYLVANIA-AMERICAN WATER COMPANY**

By:   
Name: JEFFREY L. MICHALEK  
Its: President

**List of Exhibits**

Exhibit A – Assignment of Contracts Agreement

**List of Schedules**

Schedule A – Service Area

Schedule 1.1 – Engineer’s Assessment of Tangible Assets dated 1/30/2017 (as revised 2/14/2017)

Schedule 1.3 – List of Excluded Assets

Schedule 2.2 – Utility Valuation Experts Final Reports

Schedule 4.1(b) – Assets Subject to Leasehold Interest

Schedule 4.1(d) – Authorizations, Consents and Approvals

Schedule 4.1(i) – Undisclosed Liabilities

Schedule 4.1(k)(i) – List of Contracts

Schedule 4.1(k)(ii) – Refund Arrangements

Schedule 4.1(k)(iii) – EDUs with reserved capacity as of the date of Closing.

Schedule 4.1(l)(i) – Rights in Real Property and Leases

Schedule 4.1(l)(ii) – Easements and Rights-of-Way

Schedule 4.1(l)(iii) – Options and Rights of First Refusal

Schedule 4.1(l)(v) – Taxes and Assessments

Schedule 4.1(m) – Litigation

Schedule 4.1(p) – Violations of Law

Schedule 4.1(q) – Governmental Approvals

Schedule 4.1(r)(iv) – Environmental Conditions

Schedule 4.1(u) – Extension Deposit Agreements

Schedule 5.1(c) – Assigned Contracts

Schedule 6.7 – Seller’s Rates

Schedule 8.1(g) – Opinion of Seller’s Counsel

Schedule 8.1(i) – Certification of Financial Information

Exhibit A

Form of Assignment of Contracts Agreement

**ASSIGNMENT OF CONTRACTS AGREEMENT**

THIS ASSIGNMENT OF CONTRACTS AGREEMENT, made and entered into the \_\_\_\_ day of \_\_\_\_\_, 2017, by and between SADBURY TOWNSHIP, a Township of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as "Seller"), and PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania corporation (hereinafter referred to as "PAWC").

WHEREAS, PAWC and Seller are parties to that Asset Purchase Agreement dated as of \_\_\_\_\_, 2016, whereby PAWC agreed to purchase from Seller the wastewater system owned, maintained and operated by Seller (the "Acquisition Agreement").

WHEREAS, pursuant to the Acquisition Agreement, Seller agreed to sell, assign and transfer to PAWC the contractual rights of Seller related to the contracts, agreements and arrangements identified on Exhibit A attached hereto and made a part hereof (the "Assigned Contracts").

WHEREAS, pursuant to the Acquisition Agreement, Seller is to assign and transfer to PAWC all of Seller's rights, title and interest in and to the Assigned Contracts, and PAWC is to assume Seller's duties and obligations arising after the date hereof under the Assigned Contracts.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Seller hereby assigns and transfers to PAWC all of its rights, title and interest in and to the Assigned Contracts, free and clear of all liens and encumbrances of every kind. In furtherance of the assignment contemplated by this Section 1, Seller warrants that, as of the date hereof, Seller has obtained the consent of the other contracting party (or other contracting parties) to each Assigned Contract, if prior consent is required to assign such Assigned Contract or if such Assigned Contract is, by its terms, not assignable.

2. PAWC hereby assumes all liabilities expressly contained in the Assigned Contracts that are to become due after the date hereof (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).

3. Seller assigns no liabilities of any kind or nature whatsoever to PAWC, and PAWC assumes no such liabilities, hereunder, except for those contained in the express terms of the Assigned Contracts (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).

4. This Assignment and Assumption Agreement shall be binding upon the parties and their respective heirs, successors and assigns.

5. Seller hereby covenants and agrees that it will, upon the request of PAWC, perform, execute and deliver (and cause to be performed, executed and delivered), such and all other instruments, documents, acts, transfers, assignments and assurances as PAWC may reasonably require in order to better assure, confirm and accomplish the purposes and benefits of this Assignment of Contracts Agreement.

6. This instrument shall be construed and governed in accordance with the internal laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law.

7. This instrument may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment of Contracts Agreement has been executed as of the date and year first above written.

**WITNESS:**

**SADSBURY TOWNSHIP**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WITNESS:**

**PENNSYLVANIA-AMERICAN WATER COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit A

[REDACTED]

17

3

**Schedule A**

**Seller's 537 Service Area Map (1 page)**

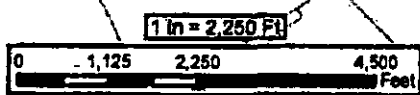


**Pennsylvania-American Water Company**  
**Coatesville Operating Area**  
**Proposed Service Territory - Sadsbury Wastewater System**  
**Approximately 1,542 Acres**  
**Sadsbury Township, Chester County**

**PENNSYLVANIA AMERICAN WATER**  
 Pennsylvania American Water  
 800 West Hershyspark Drive  
 Hershey, PA 17033  
 Date: 01/2016

- Applied For Wastewater Service Territory.
- PAWC Certified Wastewater Service Territory
- Municipality

TO BE USED FOR REFERENCE ONLY  
 All other uses are prohibited. This map is provided for informational purposes only. It is not intended to be used as a legal document. The information on this map is subject to change without notice. The information on this map is not intended to be used as a legal document. The information on this map is not intended to be used as a legal document.



Disclaimer: Boundaries and distances were not developed as a result of a physical survey completed by a Professional Licensed Surveyor, but rather generated through employment of GIS. AVE 6000 Ltd.  
 \* Bearings and Distances attached separately

**Engineer's Assessment of Tangible Assets (59 pages)**

**Schedule 1.1**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

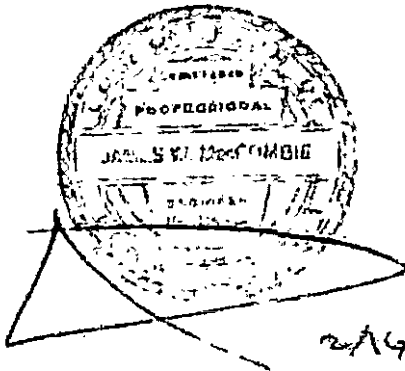
**JANUARY 30, 2017  
REVISED FEBRUARY 14, 2017**

**PREPARED FOR THE**

**BOARD OF SUPERVISORS  
SADSBURY TOWNSHIP  
2920 LINCOLN HIGHWAY  
P.O. BOX 261  
SADSBURYVILLE, PA 19369**

**&**

**PENNSYLVANIA AMERICAN WATER COMPANY  
100 CHESHIRE COURT, SUITE 104  
COATESVILLE, PA 19320**



**Herbert E. MacCombie, Jr., P.E.  
Consulting Engineers & Surveyors, Inc.**

**Environmental Control, Municipal, Sanitary  
Hydraulic, Site Planning,  
Subdivision & Land Development**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017  
REVISED FEBRUARY 14, 2017**

**PREPARED FOR THE**

**BOARD OF SUPERVISORS  
SADSBURY TOWNSHIP  
2920 LINCOLN HIGHWAY  
P.O. Box 261  
SADSBURYVILLE, PA 19369**

**&**

**PENNSYLVANIA AMERICAN WATER COMPANY  
100 CHESHIRE COURT, SUITE 104  
COATESVILLE, PA 19320**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017  
REVISED FEBRUARY 14, 2017**

**PREPARED FOR THE**

**BOARD OF SUPERVISORS  
SADSBURY TOWNSHIP  
2920 LINCOLN HIGHWAY  
P.O. BOX 261  
SADSBURYVILLE, PA 19369**

**&**

**PENNSYLVANIA AMERICAN WATER COMPANY  
100 CHESHIRE COURT, SUITE 104  
COATESVILLE, PA 19320**

**PREPARED BY**

**JAMES W. MACCOMBIE, P.E., P.L.S.  
SADSBURY TOWNSHIP ENGINEER  
HERBERT E. MACCOMBIE, JR., P.E.  
CONSULTING ENGINEERS & SURVEYORS, INC.  
P.O. BOX 118  
BROOMALL, PA 19008**

**610-356-9550**

**HEM.ENGINEERS@VERIZON.NET**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**TABLE OF CONTENTS**

**SECTION 1**

**EXECUTIVE SUMMARY**

<b>BACKGROUND</b>	<b>1-1</b>
<b>OVERVIEW OF TOWNSHIP FACILITIES</b>	<b>1-2</b>
<b>OVERVIEW OF STUDY TECHNIQUES</b>	<b>1-6</b>
<b>SUMMARY OF ORIGINAL COST</b>	<b>1-8</b>

**SECTION 2**

**ORIGINAL COST**

<b>SUMMARY NON-DEPRECIABLE PLANT</b>	<b>2-1</b>
<b>SUMMARY DEPRECIABLE PLANT</b>	<b>2-2</b>
<b>ACCOUNT 353 – LAND/LAND RIGHTS</b>	<b>2-3</b>
<b>ACCOUNT 354 – STRUCTURES</b>	<b>2-13</b>
<b>ACCOUNT 355 – POWER GENERATING EQUIPMENT</b>	<b>2-14</b>
<b>ACCOUNT 360 – COLLECTION MAINS &amp; ACCESSORIES – FORCE</b>	<b>2-14</b>
<b>ACCOUNT 361 – COLLECTION MAINS &amp; ACCESSORIES – GRAVITY</b>	<b>2-15</b>
<b>ACCOUNT 363 – SERVICES</b>	<b>2-26</b>
<b>ACCOUNT 363 – FLOW METERS</b>	<b>2-31</b>
<b>ACCOUNT 371 – PUMPING EQUIPMENT</b>	<b>2-31</b>

<b>APPENDIX A</b>	<b>BASEMENTS &amp; RIGHTS-OF-WAY</b>
<b>APPENDIX B</b>	<b>PAYMENT RELEASE CERTIFICATES AND ESTIMATES</b>
<b>APPENDIX C</b>	<b>COST ESTIMATES FOR SEWERS NOT YET DEDICATED</b>
<b>APPENDIX D</b>	<b>AMTRAK LICENSE AGREEMENT – SSC SEWER CROSSING MILEPOST 42.8</b>
<b>APPENDIX E</b>	<b>AMTRAK LICENSE AGREEMENT – PHASE 3B NORTH STREET</b>
<b>APPENDIX F</b>	<b>CURRICULUM VITAE FOR JAMES W. MAC COMBIE, P.E., P.L.S.</b>
<b>APPENDIX G</b>	<b>PROPERTIES WITH TAPPING FEES PAID BUT NOT CONNECTED</b>
<b>APPENDIX H</b>	<b>SADSBURY TOWNSHIP MAP OF SANITARY SEWERS SADSBURY SEWER SERVICE AREA MAP</b>
<b>APPENDIX I</b>	<b>SADSBURY TOWNSHIP CUSTOMER ACCOUNT SPREADSHEET</b>

**SECTION 1**

**EXECUTIVE SUMMARY**  
**FOR THE**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

## **BACKGROUND**

Sadsbury Township ("Township") provides sanitary sewer service to customers located in a portion of Sadsbury Township, Chester County, Pennsylvania. The Township began providing sanitary sewer service to residents and business of the Township in 1999 after the construction of a sanitary sewer collection and conveyance trunk line through the eastern portion of the Township. Sadsbury Township's population as determined by the 2010 census was 3,570 residents. The population was estimated at 3,729 residents in 2015 by the Delaware Valley Regional Planning Commission's "*Regional and County Population Forecast 2015-2040*." Based upon the latest records used for billing the Sadsbury Sanitary Sewer System has a total of 998 customers. Included in that number are 14 residences, which are not connected to the system but have sewer available to them. Sadsbury Township has Nine Hundred and Forty-Eight (948) residential customers, of which 240 are on private wells. Sadsbury Township has Forty-Eight (48) commercial customers, of which 11 are on private wells. One of the commercial customers on a private well is the Lincoln Crest Mobile Home Park. There are two customers on the Township billing records, which were not classified as either commercial or residential.

The Township and Pennsylvania American Water Company ("PAWC") have commissioned a study to develop an assessment of Tangible Assets including, but not limited to the following:

- An inventory of the used and useful utility plant assets, compiled by year and account.
- Separately identify any utility plant that is being held for future use.
- A list of all non-depreciable property, such as land and rights-of-way.

The inventory was developed from available records, maps, work orders, debt issue closing documents for the funding of construction projects, and other sources to ensure an accurate listing of utility plant inventory by utility account. The results of the study are set forth herein.

## **OVERVIEW OF SADBURY TOWNSHIP SANITARY SEWER FACILITIES**

The Sadsbury Township Sanitary Sewer System is comprised of the service area within the Township. In order to make the implementation of sanitary sewer service more economically feasible to the residents the 1998 Act 537 revision to the Official Sewage Facilities Plan for Sadsbury Township presented a phased approach consisting of four phased areas with several sub-phases. The four phases included:

### **1. Pomeroy Area**

**Phase 1A**      **Completed December 2000**  
The area North of Valley Road, South of the Amtrak/Conrail Railroad from Buck Run East to the Township Line.

**Phase 1B**      **Completed August 2005**  
The area South of Valley Road from Buck Run East to the Township Line.

### **2. Sadsburyville Area**

**Phase 2A**      **Completed December 2007**  
The area North of the U.S. Route 30 Bypass, East to the Township Line.

**Phase 2B**      **Completed December 2004 & July 2009**  
The area South of the U.S. Route 30 Bypass to a point South of Business Route 30, from Morris Lane West to Octorara Road.

### **3. Pomeroy Heights Area**

**Phase 3A**      **Completed August 2005**  
The area including Washington Lane, Lincoln Avenue and those properties along Old Wilmington Road North of Washington Lane to a point just North of Lincoln Avenue.

**Phase 3B**      **Completed July 2009**  
The area South of Washington Lane extending to the North side of the Amtrak/Conrail Railroad, West to Old Wilmington Road.

#### 4. Area West of Pomeroy

**Phase 4            Completed September 2011**  
**West of Buck Run in close proximity to Valley Road west to**  
**Shamrock Drive.**

The connection of the four phased areas was made possible by the construction of Sadsbury Sewer Corporation (SSC) Collection and Conveyance System, Main Interceptor, Pump Station and Force Main. SSC was a private group of investors formed to develop a sewer collection system to serve a number of large properties East of the Buck Run. After much deliberation between the representatives of SSC and Sadsbury Township, the alignment of the SSC Collection and Conveyance System, Main Interceptor, Pump Station and Force Main was determined. The SSC collection and conveyance system consisted of two trunk lines. The Easterly trunk provides sewer service to an area comprised predominantly of industrial lands primarily in the easterly portion of the Township. The line generally runs south along Old Wilmington Road and Southwesterly along Quarry Road. The Westerly trunk line provides sewer service to the Sadsburyville area and runs southwesterly along the East side of the Buck Run. The two trunk lines are connected to the Main Interceptor, which generally follows the Buck Run beginning in the vicinity of the intersection of Greenbelt Drive and Quarry Road. The interceptor extends southward, crossing under the Amtrak/Conrail Railroad tracks into the Bert Reel Park. The line continues through the park turning east towards Old Wilmington Road then continuing south generally along Old Wilmington Road and Valley Road through easements. The interceptor crosses Valley Road near Timicula Road and connects with the Main Pump Station along the southwesterly side of Timicula Road south of Valley Road. The Main Pump Station situated known as the "Stottsville Pump Station" has two alternating pumps with a rated capacity of 700 GPM each.. From the pump station, a force main extends northeasterly through easements and within road rights-of-way to the discharge point in the Pennsylvania American Parkesburg Interceptor at a gravity manhole located within the cartway of Valley Road near Newport Road. An additional gravity sewer is located along Olive Alley and Penn Street and is connected to a Pennsylvania American trunk line within Valley Road just east of the Sadsbury Township-Valley Township Boundary Line. Sewage generated from the Sadsbury Township Sewer Service Area is treated at the Pennsylvania American Water Coatesville Wastewater Treatment Plant.

In addition to the four phases of the service area completed by the Township to serve the existing residences, several residential developments have been completed and sanitary sewers dedicated to the Township. They include:

1. **Lincoln Crest**      The Lincoln Crest development contains approximately 125 units, which are largely mobile homes. The development is located along the northerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville portion of the service area. The collection system is private with a single point of entry to the westerly SSC trunk line along the northerly side of Business Route 30.
2. **Quarry Ridge**      The Quarry Ridge Development contains approximately 158 detached single family homes and is located along the westerly side of Old Wilmington Road and the southerly side of Quarry Road. The development has a gravity sewer system which connects to the easterly SSC trunk line within the cartway of Quarry Road.
3. **Sadsbury Village**      The Sadsbury Village Development contains approximately 146 attached townhouses and is located along the southerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville section of the Township. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the west of the development.
4. **Octorara Glen**      The Octorara Glen Development contains approximately 43 detached single family homes and is located on the southeasterly side of Octorara Road north of the Buck Run. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the east.
5. **Sadsbury Park**      The Sadsbury Park Development is a multi-phased subdivision and land development currently under construction in the Township. The Development contains a mix of housing types, including detached single family homes and townhouses. The development has been partially completed with 30 detached single family homes and 63 townhouse units of the total 445 approved units. The extensive gravity sewer system has not yet been completed or accepted by the Township. The system drains through easement to the easterly SSC trunk line.

6. **Sadsbury Crossing** The Sadsbury Crossing Development contains approximately 19 detached single family homes and is located in the southwestern portion of the Township. The development has gravity sewer service which is connected to the Pennsylvania American system through casements to the Borough of Parkesburg collection system.

The flow generated from several commercial and industrial developments is collected in sanitary sewer lines not yet dedicated to the Township. Flow generated from the Bellaire Industrial Park located in the eastern portion of the Township south of Business Route 30 and west of Washington Lane containing approximately 10 commercial and industrial facilities and flows westerly towards Old Wilmington Road from the Industrial Park into the Easterly SSC trunk line. Flow generated from the five (5) light industrial and commercial sites within the Morris Farm Industrial Park is collected in a sanitary sewer system which is not dedicated to the Township and flows south across Business Route 30 into the Bellaire Industrial park system.

The Cowan Estates Development located along the southerly side of Business Route 30 has a capped sewer system. Although the improvements have been dedicated to the Township, the system has not yet been connected to the public sewer conveyance line.

## **OVERVIEW OF THE STUDY TECHNIQUES**

The study of the original cost of the Township's assets was conducted by completing an inventory of utility plant assets based on the approved final payment requisitions, construction records and other documentation and sources. The records documented the sizes, types and lengths of pipelines and the sizes, types, and quantities of accessories installed. Once the inventory was compiled, based upon the construction phases, the original cost to install the assets was tabulated.

For the purpose of the study asset inventory was prepared to conform to the Uniform System of Accounts for Wastewater Utilities, as prescribed by the National Association of Regulatory Utility Commissioners. Detailed results of the inventory have been tabulated and recorded in the following accounts, as appropriate:

<u>Account No.</u>	<u>Account Title</u>
<u>Non Depreciable Plant</u>	
353	Land / Land Rights
<u>Depreciable Plant</u>	
354	Structures
355	Power Generating Equipment
360	Collection Mains & Accessories – Force
361	Collection Mains & Accessories – Gravity
363	Services
364	Flow Meters
371	Pumping Equipment
390	Office Furniture & Equipment
391	Transportation Equipment
395	Power Operated Equipment

For the purpose of this study "mass" property consists of Force Mains and accessories (Account 360), Gravity Mains and Accessories (Account 361), Lateral Services and Accessories installed by the Township during the original construction (Account 363) and Flow Meters (Account 364). For Accounts 360 and 361, footages of pipe, by size and type, were determined by reviewing as-built drawings, construction and escrow release records, as well as the Township's annual reports and records. For Account 363, services were installed during the construction of the mains within the Rights-of-Way or Easements.

An inventory of the Stottsville Pump Station was recorded to determine "non-mass" assets and recorded in the appropriate accounts listed above. The Township does not separate asset allocation for Office Furniture and Equipment (Account 390), Transportation Equipment (Account 391), and Power Equipment (Account 395). For the purpose of this study no assets were inventoried in those accounts.

The study does not include any customer sewer laterals from the edge of the rights-of-Way or easements to the individual residences or businesses, any piping or internal fixtures at each of the individual customer's residences or businesses or any meters in individual customer's residences or business who are not provided public water.

## **SUMMARY OF ORIGINAL COST**

The results of the original cost study established that the original costs of the Township's tangible assets for the Sanitary Sewer System in service as of December 31, 2016 are \$6,841,008.00, as summarized below:

<u>Account No.</u>	<u>Account Title</u>	<u>Original Cost</u>
<b><u>Non Depreciable Plant</u></b>		
353	Land / Land Rights	\$ 18,343.00
<b><u>Depreciable Plant</u></b>		
354	Structures	\$ 152,560.00
355	Power Generating Equipment	\$ 40,000.00
360	Collection Mains & Accessories – Force	\$ 92,500.00
361	Collection Mains & Accessories – Gravity	\$5,668,395.00
363	Services	\$ 546,316.00
364	Flow Meters	\$ 98,731.00
371	Pumping Equipment	\$ 225,000.00
390	Office Furniture & Equipment	\$ 0.00
391	Transportation Equipment	\$ 0.00
395	Power Operated Equipment	\$ 0.00

Additional detail for each account is provided in Section 2

There are three sewer service areas where sewer have been constructed but not yet dedicated. They include Bellaire Business Center, Morris Farm, and Sadsbury Park. The original costs of the tangible assets for the Sanitary Sewer System not yet dedicated as of December 31, 2016 are \$638,756.00, as summarized below:

361	Collection Mains & Accessories – Gravity	\$ 584,547.00
363	Services	\$ 54,209.00

Additional detail for each account is provided in Appendix C

**SECTION 2**  
**ORIGINAL COST TABULATION**  
**FOR THE**  
**SANITARY SEWER SYSTEM**  
**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

<u>Account No.</u>	<u>Account Title</u>	<u>Original Cost</u>
--------------------	----------------------	----------------------

Non Depreciable Plant

353	<b>Land / Land Rights</b>	
	1.0 Sadsbury Sewer Corporation	\$ 9,625.00
	2.0 Phase 1A	\$ 21.00
	3.0 Phase 1B	\$ 1.00
	4.0 Phase 2A	\$ 26.00
	5.0 Phase 2B	\$ 8.00
	6.0 Phase 3A	\$ 0.00
	7.0 Phase 3B	\$ 4.00
	8.0 Phase 4	\$ 13.00
	9.0 Sadsbury Crossing	\$ 0.00
	10.0 Quarry Ridge	\$ 1.00
	11.0 Sadsbury Village	\$ 1.00
	12.0 Octorara Glen	\$ 1.00
	13.0 Cowan Estates	\$ 1.00
	14.0 Mast Properties	<u>\$ 1.00</u>
	<b>Total Non Depreciable Plant</b>	<b><u>\$ 16,343.00</u></b>

**Depreciable Plant**

354	Structures	
	1.0	SSC - Stottsville Pump Station \$ 152,560.00
355	Power Generating Equipment	
	1.0	SSC - Stottsville Pump Station \$ 40,000.00
360	Collection Mains & Accessories - Force	
	1.0	Sadsbury Sewer Corporation \$ 92,500.00
361	Collection Mains & Accessories - Gravity	
	1.0	Sadsbury Sewer Corporation \$ 943,242.00
	2.0	Phase 1A \$ 663,225.00
	3.0	Phase 1B \$ 191,765.00
	4.0	Phase 2A \$1,241,579.00
	5.0	Phase 2B \$ 147,024.00
	6.0	Phase 3A \$ 974,633.00
	7.0	Phase 3B \$ 324,495.00
	8.0	Phase 4 \$ 429,237.00
	9.0	Sadsbury Crossing \$ 37,640.00
	10.0	Quarry Ridge \$ 335,259.00
	11.0	Sadsbury Village \$ 166,975.00
	12.0	Octorara Glen \$ 127,869.00
	13.0	Cowan Estates \$ 85,452.00
363	Services	
	2.0	Phase 1A \$ 47,812.00
	3.0	Phase 1B \$ 19,410.00
	4.0	Phase 2A \$ 44,007.00
	5.0	Phase 2B \$ 18,963.00
	6.0	Phase 3A \$ 128,340.00
	7.0	Phase 3B \$ 32,422.00
	8.0	Phase 4 \$ 37,010.00
	9.0	Sadsbury Crossing \$ 14,261.00
	10.0	Quarry Ridge \$ 78,885.00
	11.0	Sadsbury Village \$ 87,600.00
	12.0	Octorara Glen \$ 29,686.00
	13.0	Cowan Estates \$ 7,920.00
364	Flow Meters	
	1.0	Stottsville Pump Station \$ 98,731.00
371	Pumping Equipment	
	1.0	Stottsville Pump Station \$ 225,000.00
390	Office Furniture & Equipment	\$ 0.00
391	Transportation Equipment	\$ 0.00
395	Power Operated Equipment	\$ 0.00
	<b>Total Depreciable Plant</b>	<b>\$6,823,502.00</b>
	<b>Total Plant</b>	<b>\$6,841,845.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 353 – LAND / LAND RIGHTS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**EASEMENTS**

**SADSBURY SEWER CORPORATION**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
JYF PARTNERS UPI 37-2Q-2	8/4/1999	S.F.	12,522.06	\$1.00
HARRY & ATHENA LYMBERIS UPI 37-2-42	7/30/1999	S.F.	2,557.06	\$1.00
JYF PARTNERS UPI 37-2-43	7/30/1999	S.F.	4,089.60	\$1.00
LAWRENCE VANDYKE & RANDA LEAMY UPI 37-2-45.2	9/3/1999	S.F.	3,008.85	\$1.00
ALBERT RUSSELL SCHAIBLE UPI 37-2-45	7/28/1999	S.F.	3,460.09	\$1.00
ALBERT RUSSELL SCHAIBLE UPI 37-2-46	7/28/1999	S.F.	647.13	\$1.00
JYF PARTNERS UPI 37-2-47	7/30/1999	S.F.	11,805.95	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-48	9/16/1999	S.F.	881.94	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-50.2	9/16/1999	S.F.	1,845.95	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-49	9/16/1999	S.F.	5,631.64	\$1.00
JYF PARTNERS UPI 37-2-50.1	7/30/1999	S.F.	1,415.51	\$1.00
SADSBURY ASSOCIATES, L.P. UPI 37-4-40	8/19/1999	S.F.	12,332.35	\$1.00
FRANK WICK UPI 37-4-39.1	8/4/1999	S.F.	12,978.00	\$1.00
SADSBURY TOWNSHIP UPI 37-4-37.1E	9/23/1999	S.F.	52,619.71	\$1.00
AIM DEVELOPMENT CORPORATION UPI 37-4-56	7/28/1999	S.F.	5,660.43	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
AIM DEVELOPMENT CORPORATION UPI 37-4-41	7/28/1999	S.F.	13,966.58	\$1.00
AIM DEVELOPMENT CORPORATION UPI 37-4-46	7/28/1999	S.F.	15.65	\$1.00
COSMOS DEVELOPMENT COMPANY UPI37-2-53	9/19/1999	S.F.	862.81	\$1.00
PENGUIN INDUSTRIES UPI 37-4-44E	7/18/1999	S.F.	2,136.68 762.27	\$1.00
SADSBURY TOWNSHIP UPI 37-4-44.1E	9/23/1999	S.F.	24,468.41	\$1.00
SADSBURY TOWNSHIP UPI 37-4-42E	9/23/1999	S.F.	7,565.50 385.78	\$1.00
SADSBURY TOWNSHIP UPI 37-4-43E	9/23/1999	S.F.	4,049.81	\$1.00
SADSBURY TOWNSHIP UPI 37-4-94E	9/23/1999	S.F.	18,645.19	\$1.00
ANN BEATRICE MCGRAIL UPI 37-4-69	7/30/1999	S.F.	28,558.05	\$1.00
ANN BEATRICE MCGRAIL UPI 37-4-101	7/30/1999	S.F.	44,318.32	\$1.00
CIGNATURE HOSPITALITY UPI 37-4-121	9/23/1999	S.F.	12,238.00	\$9,600.00
TOTAL COST FOR EASEMENTS FOR SADSBURY SEWER CORPORATION TRUNK LINES AND INTERCEPTOR PHASE				\$9,625.00

**PHASE 1A - VILLAGE OF POMEROY (NORTH)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
ELMER, JR. AND DOROTHY M. LEAMY UPI 37-4M-21	11/1/1999	S.F.	3,006	\$1.00
RANDY J AND KATHY S. MCCARRAHER UPI 37-4M-26	9/1/1999	S.F.	1,804	\$1.00
THOMAS ROMINGER UPI 37-4M-31	12/11/1999	S.F.	522	\$1.00
MICHAEL J. AND PHYLLIS C. LOFTUS UPI 37-4M-36 & 37-4M-36.1	12/3/1999	S.F.	3,006	\$1.00
FRANK WOLFE UPI 37-4M-37	9/13/1999	S.F.	3,125	\$1.00
JOHN D. WARMJAK, III UPI 37-4M-40	12/11/1999	S.F.	450	\$1.00
CHARLES F. AND DOROTHY L. GAY UPI 37-4M-44 & 37-4M-44.1	9/1/1999	S.F.	1,500	\$1.00
VERNA E. FRIEDRICH UPI 37-4H-69	10/29/1999	S.E.	3,125	\$1.00
RICHARD F. AND LINDA E. ARNER UPI 37-4M-49	9/3/1999	S.F.	1,881	\$1.00
JOSEPH L. & TERRY L. DISCIULIO UPI 37-4-101	9/16/1999	S.F.	2,435	\$1.00
ANDREW AND LEONA E. ZVODAR UPI 37-4H-70	9/9/1999	S.F.	1,522	\$1.00
LISA M. SWISHER UPI 37-4L-36	12/2/1999	S.F.	1,646	\$1.00
ANTHONY & SUSAN LIBFIELD-TRESSLET UPI 37-4L-37	11/27/1999	S.F.	1,650	\$1.00
HORACE W. AND LARELDA M. LOWERY UPI 37-4L-41	10/13/1999	S.F.	2,360	\$1.00
RONALD J. AND ANNETTE FISCHER UPI 37-4L-53	10/1/1999	S.F.	2,437	\$1.00
LAWRENCE AND JULIA VANDYKE UPI 37-4L-11	8/23/1999	S.F.	3,345	\$1.00
ANDREW O AND VERA E. FRIEDRICH UPI 37-4M-45	8/23/1999	S.F.	5,250	\$1.00
ROBERT AND NANCY R. PERRY UPI 37-4M-54	9/9/1999	S.F.	2,147	\$1.00
POMEROY PARTNERSHIP UPI 37-4L-50	9/16/1999	S.F.	5,912	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
JAMES W. AND DOROTHY M. ANDERSON UPI 37-4L-62.1 \$1.00 + 15' OF LATERAL	12/8/1999	S.F.	8,538	\$751.00
ALTON L. AND MAE W. CROTHERS UPI 37-4L-54 UPI 37-4L-54 UPI 37-4L-57.1 UPI 37-4L-58	1/20/2000	S.F.	4,503	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 1 - VILLAGE OF POMEROY (NORTH)				\$771.00

**PHASE 1B - VILLAGE OF POMEROY (SOUTH)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
WILLIAM C AND MICHELLE C. WHITE UPI 37-4-105.1 \$1.00 + TAPPING FEE + 30' OF LATERAL	1/3/2002	S.F.	8,171	\$3,946.00
TOTAL COST FOR EASEMENTS FOR PHASE 1 - VILLAGE OF POMEROY (SOUTH)				\$3,946.00

**PHASE 2A - SPRINGVIEW MANOR & SOUTH BONSALE SCHOOL ROAD**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
HERMAN & DOROTHY IGLESIAS UPI 37-2-48 & 37-2-50.1	7/27/2005	S.F.	26,910	\$1.00
GEORGE K. SR., AND RUTH ANN WHISLER UPI 37-2-32 \$1.00 + TAPPING FEE + 30' OF LATERAL.	7/19/2006	S.F.		\$3,946.00
EUGENE J. AND ANN M. LAFFERTY UPI 37-2-20	4/4/2006	S.F.	3,750	\$1.00
GEORGE C. AND SANDRA J. DEVINE UPI 37-2-29.4	5/4/2006	S.F.	2,754	\$1.00
MICHAEL H. AND DENISE D. GALLIMORE UPI 37-2-29.5	5/7/2005	S.F.	2,596	\$1.00
WILLIAM J. AND BEVERLY K MURRAY UPI 37-2-29.8	4/25/2005	S.F.	2,692	\$1.00
STANLY M AND CATHERINE E KRYZANAUSKAS UPI 37-2-29.2	4/27/2005	S.F.	2,500	\$1.00
CRAIG M AND TERESA A. PAPPAS UPI 37-2-29.10	4/21/2005	S.F.	2,500	\$1.00
ANTHONY AND SHERRY ROMASCO UPI 37-2-29.3	5/12/2005	S.F.	2,500	\$1.00
LARK AND THERESA KEMPER UPI 37-2-29.11	5/12/2005	S.F.	2,500	\$1.00
ROBERT AND EMILY HARKINS UPI 37-2-29.6	11/21/2005	S.F.	401	\$1.00
FRANK GEISSLER UPI 37-2-29.9	12/15/2004	S.F.	11,643	\$1.00
SCOTT LONGACRE AND PATRICIA LYNN CHAMBERS UPI 37-2-29.23	5/12/2005	S.F.	2,906	\$1.00
JOSEPH M, III AND DEBORAH A. MATONI UPI 37-2-29.24	5/6/2005	S.F.	2,405	\$1.00
KENNETH ALLEN & CHERYL ANN DAVIS UPI 37-2-29.25	4/29/2005	S.F.	400	\$1.00
HARRY R FIRESTONE UPI 37-2-29.12	5/11/2005	S.F.	400	\$1.00
JOHN TREGO, SR. UPI 37-2-29.13	11/15/2005	S.F.	2,500	\$1.00
H. BROOKE LUEY UPI 37-2-29.14	5/12/2005	S.F.	2,506	\$1.00
FRANZ GEISSLER UPI 37-2-29	12/15/2004	S.F.	9,176	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RICHARD A AND ROSE A. WEITMAN UPI 37-2-29.15	5/11/2005	S.F.	6,299	\$1.00
BONNIE L. AND JAMES A. GRANNELLS UPI 37-2-29.16	5/3/2005	S.F.	3,891	\$1.00
THOMAS J. STOLTZFUS UPI 37-2-29.16	5/4/2005	S.F.	5,257	\$1.00
BESSIE M. JOHNSON UPI 37-2-29.16	5/12/2005	S.F.	7,327	\$1.00
JAMES G AND JANE D. ROPER UPI 37-2-29.20	5/2/2005	S.F.	9,657	\$1.00
CHARLES L. WITHERSPOON UPI 37-2-29.19	5/3/2005	S.F.	12,314	\$1.00
THOMAS D. AND PATRICIA J. HINES UPI 37-2-29.18	5/2/2005	S.F.	5,294	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 2A - SPRINGVIEW MANOR & SOUTH BONSALL SCHOOL ROAD				\$3,971.00

**PHASE 2B - VILLAGE OF SADBURYVILLE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
JOHN H LYMBERIS AND FOTIOS & YIOTA L. PETROPOULOS UPI 37-2Q-30	6/15/2004	S.F.	8,291	\$1.00
SADBURY ASSOCIATES, L.P. UPI 37-4-40	6/22/2004	S.F.	637891	\$1.00
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-4-55	12/22/2004	S.F.	4,620	\$1.00
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-2Q-44 & 37-4C-11.1	12/28/2004	S.F.	6,129	\$1.00
JOHN H LYMBERIS UPI 37-2Q-13	7/1/2008	S.F.	3,324	\$1.00
THOMAS R. AND NANCY J. GREENFIELD UPI 37-2Q-12	6/10/2008	S.F.	1,820	\$1.00
CHRISTOPHER G. AND HEATHER A. HERSHEY UPI 37-2Q-11	6/10/2008	S.F.	1,114	\$1.00
JOHN W. AND KATHLEEN A. COLDREN UPI 37-2Q-10	5/29/08	S.F.	1,731	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 2B - VILLAGE OF SADBURYVILLE				\$8.00

**PHASE 3A - POMEROY HEIGHTS (WASHINGTON LANE & LINCOLN AVENUE)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
CHARLES N BURNETT, JR. AND MICHAEL R. SHORT (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-139	12/2004	S.F.	5,400 +/-	\$0.00
ANGELA M MARTIN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.96	12/2004	S.F.	1,875 +/-	\$0.00
BAKARI & JENNIFER L GREEN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.95	12/2004	S.F.	1,875 +/-	\$0.00
TOTAL COST FOR EASEMENTS FOR PHASE 3 - POMEROY HEIGHTS - WASHINGTON LANE & LINCOLN AVENUE				\$0.00

**PHASE 3B - POMEROY HEIGHTS (REEL STREET)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS DEVELOPMENT COMPANY UPI 37-4-165 UPI 37-4-166	2/5/2003	S.F.	3,062	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 3B - POMEROY HEIGHTS - REEL STREET				\$1.00

**PHASE 3B - POMEROY HEIGHTS (NORTH STREET & STOVE PIPE HILL ROAD)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RAYMOND JR. & CAMILLA A. BERKEY UPI 37-4G-35	7/24/2008	S.F.	355	\$1.00
HARMUN DEVELOPMENT UPI 37-4G-36	9/19/2008	S.F.	1,550	\$1.00
ERIC J. MARCELLA UPI 37-4G-37	9/29/2008	S.F.	474	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 3B - POMEROY HEIGHTS - NORTH STREET & STOVE PIPE HILL ROAD				\$3.00

**PHASE 4 - VALLEY ROAD**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
ANN B. MCGRAIL UPI 37-4-69	4/7/2010	S.F.	7,348	\$1.00
ZOUHONG YIN & XIQUIN QUIN UPI 37-4-88	4/7/2010	S.F.	16,588	\$1.00
STEVEN AND ROSEMARIE CRANDALL UPI 37-4-88.1	8/2/2010	S.F.	21,015	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-82	3/14/2010	S.F.	2,074	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-81	3/14/2010	S.F.	3,001	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-80.1	3/14/2010	S.F.	215	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-80	3/14/2010	S.F.	4,643	\$1.00
MICHAEL F. AND ALIAH M. KINNEY UPI 37-4-78	1/29/2010	S.F.	1,250	\$1.00
WILBUR N. AND ALICE V. MARSH UPI 37-4-77	1/19/2010	S.F.	2,500	\$1.00
CHRISTOPHER AND KATHLEEN BOWSER UPI 37-4-86	7/27/2010	S.F.	2,840	\$1.00
ROBERT P. & VICTORIA G. NUNEMAKER UPI 37-4-85	4/29/2010	S.F.	1,878	\$1.00
LYNN J. HANNAWAY UPI 37-4-69.4	1/15/2010	S.F.	12,557	\$1.00
VALLEY EAST PROPERTIES, LLC UPI 37-4-69.1	3/12/2010	S.F.	23,212	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 4 - VALLEY ROAD				\$13.00

**SADSBURY CROSSING (CARR SUBDIVISION)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
DAVID J CARR SR. UPI 37-3-23 UPI 37-3-23.15 UPI 37-3-23.16	9/24/2001	S.F.		\$0.00
TOTAL COST FOR EASEMENTS FOR SADSBURY CROSSING				\$0.00

**QUARRY RIDGE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS DEVELOPMENT COMPANY UPI 37-4-53.39 UPI 37-4-53.41 UPI 37-4-53.78	12/7/2004	S.F.	23,122	\$1.00
TOTAL COST FOR EASEMENTS FOR QUARRY RIDGE				\$1.00

**SADSBURY VILLAGE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
SADSBURY ASSOCIATES, L.P. UPI 37-4-235	9/19/2006	S.F.	38,323	\$1.00
TOTAL COST FOR EASEMENTS FOR SADSBURY VILLAGE				\$1.00

**OCTORARA GLEN**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
OCTORARA GLEN COMMUNITY ASSOC. UPI 37-4-234	10/7/2008	S.F.	6,036	\$1.00
TOTAL COST FOR EASEMENTS FOR OCTORARA GLEN				\$1.00

**COWAN ESTATES**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS PROPERTIES, L.P. UPI 37-4-17.10 UPI 37-4-17.12	10/24/2014	S.F.	31,886	\$1.00
TOTAL COST FOR EASEMENTS FOR COWAN ESTATES				\$1.00

**MAST PROPERTIES**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
HAROLD K. MAST AND DANIEL L. MAST UPI 37-1-26 UPI 37-1-26.1	3/8/2016	S.F.		\$1.00
TOTAL COST FOR EASEMENTS FOR MAST PROPERTIES				\$1.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 354 - STRUCTURES**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC - STOTTSVILLE PUMP STATION**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
EROSION & SEDIMENT CONTROL	1999	L.S.	1	\$1,000.00
MAINTENANCE & PROTECTION OF TRAFFIC	1999	L.S.	1	\$2,500.00
ID-2 BITUMINOUS WEARING COURSE	1999	S.Y.	40	\$200.00
BITUMINOUS CONCRETE BASE COURSE	1999	S.Y.	40	\$600.00
2A STONE	1999	S.Y.	50	\$400.00
SITWORK	1999	L.S.	1	\$25,000.00
FENCE	1999	L.F.	285	\$10,260.00
10' DIAMETER WET WELL	1999	L.S.	1	\$75,000.00
SEWAGE WASTE GRINDER	1999	L.S.	1	\$35,000.00
ID-2 WEARING - PENNDOT ROADWAY	1999	S.Y.	40	\$200.00
ID-2 BINDER - PENNDOT ROADWAY	1999	S.Y.	40	\$240.00
BCBC - PENNDOT ROADWAY	1999	S.Y.	40	\$600.00
SEEDING	1999	S.Y.	1,200	\$1,560.00
<b>TOTAL COST ACCOUNT 354 - STRUCTURES STOTTSVILLE PUMP STATION</b>				<b>\$152,560.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 355 – POWER GENERATING EQUIPMENTS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC – STOTTSVILLE PUMP STATION**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>135 KW NATURAL GAS GENERATOR</b>	<b>1999</b>	<b>L.S.</b>	<b>1</b>	<b>40,000.00</b>
<b>TOTAL COST ACCOUNT 355 – POWER GENERATING EQ. STOTTSVILLE PUMP STATION</b>				<b>\$40,000.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 360 – COLLECTION MAINS & ACCESSORIES - FORCE**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>10" SDR-26 PVC</b>	<b>1999</b>	<b>L.F.</b>	<b>3,400</b>	<b>85,000.00</b>
<b>CONCRETE CLEAN-OUT MANHOLES</b>	<b>1999</b>	<b>EA.</b>	<b>3</b>	<b>7,500.00</b>
<b>TOTAL COST ACCOUNT 360 COLLECTION MAINS &amp; ACCESS. - FORCE SADSBURY SEWER CORPORATION</b>				<b>\$92,500.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES - GRAVITY**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SADSBURY SEWER CORPORATION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
<b>SEGMENT #1 – RR CROSSING TO PUMP STATION</b>				
15" SDR-35 PVC	1999	L.F.	2,800	\$100,632.00
12" SDR-35 PVC	1999	L.F.	900	\$34,146.00
12" DIP W/STEEL CASING BORE & JACK	1999	L.F.	349	\$179,433.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	14	\$35,000.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	4	\$10,400.00
<b>SEGMENT #2 – NORTH GREENBELT DR. TO RR CROSSING</b>				
12" SDR-35 PVC	1999	L.F.	1,650	\$55,250.00
12" DIP W/CONC. ENCASIMENT STREAM CROSSING	1999	L.F.	64	\$6,400.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	4	\$6,400.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	5	\$8,500.00
<b>SEGMENT #3 – WICK PROPERTY TO NORTH GREENBELT DRIVE</b>				
12" SDR-35 PVC	1999	L.F.	2,150	\$69,574.00
8" SDR-35 PVC	1999	L.F.	2,800	\$79,408.00
12" DIP W/CONC. ENCASIMENT STREAM CROSSING	1999	L.F.	61	\$6,355.00
8" DIP W/STEEL CASING BORE & JACK	1999	L.F.	164	\$69,240.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	23	\$39,100.00

<b>SEGMENT #4 - OLD WILMINGTON RD. &amp; QUARRY RD.</b>				
<b>10" SDR-35 PVC</b>	<b>1999</b>	<b>L.F.</b>	<b>2,650</b>	<b>\$81,594.00</b>
<b>8" SDR-35 PVC</b>	<b>1999</b>	<b>L.F.</b>	<b>1,000</b>	<b>\$32,790.00</b>
<b>10" DIP W/CONC. ENCASEMENT STREAM CROSSING</b>	<b>1999</b>	<b>L.F.</b>	<b>102</b>	<b>\$7,070.00</b>
<b>CONCRETE MANHOLE W/ FRAME &amp; COVER</b>	<b>1999</b>	<b>EA.</b>	<b>16</b>	<b>\$25,600.00</b>
<b>CONCRETE MANHOLE W/ WATERTIGHT FRAME &amp; COVER</b>	<b>1999</b>	<b>EA.</b>	<b>2</b>	<b>\$3,400.00</b>
<b>SEGMENT #5 - NORTH OF BUSINESS ROUTE 30</b>				
<b>8" SDR-33 PVC</b>	<b>1999</b>	<b>L.F.</b>	<b>2,500</b>	<b>\$71,950.00</b>
<b>CONCRETE MANHOLE W/ FRAME &amp; COVER</b>	<b>1999</b>	<b>EA.</b>	<b>11</b>	<b>\$17,600.00</b>
<b>CONCRETE MANHOLE W/ WATERTIGHT FRAME &amp; COVER</b>	<b>1999</b>	<b>EA.</b>	<b>2</b>	<b>\$3,400.00</b>
<b>TOTAL COST ACCOUNT 361 COLLECTION MAINS &amp; ACCESS.-GRAVITY SADSBURY SEWER CORPORATION</b>				<b>\$943,242.00</b>

**PHASE 1A - VILLAGE OF POMEROY (NORTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC CP - 0-10 FT DEEP	2000	L.F.	5,620	\$403,348.00
8" SDR-35 PVC CP - 10-14 FT DEEP	2000	L.F.	1,681	\$130,731.00
8" SDR-35 PVC CP - OVER 14 FT DEEP	2000	L.F.	559	\$47,946.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-10 FT DEEP	2000	EA.	30	\$51,000.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-14 FT DEEP	2000	EA.	9	\$19,800.00
CONCRETE MANHOLE W/ FRAME & COVER - OVER 14 FT DEEP	2000	EA.	4	\$10,400.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 1A				\$663,225.00

**PHASE 1B - VILLAGE OF POMEROY (SOUTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC CP - 0-8 FT DEEP	2005	L.F.	174	\$16,283.00
8" SDR-35 PVC CP - 8-10 FT DEEP	2005	L.F.	468	\$45,200.00
8" SDR-35 PVC CP - 10-12 FT DEEP	2005	L.F.	639	\$70,022.00
8" SDR-35 PVC CP - 12-14 FT DEEP	2005	L.F.	207	\$25,581.00
8" SDR-35 PVC CP - 14-16 FT DEEP	2005	L.F.	85	\$11,779.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2005	EA.	4	\$7,200.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2005	EA.	2	\$4,200.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2005	EA.	1	\$2,500.00
CONCRETE MANHOLE W/ FRAME & COVER - 14-16 FT DEEP	2005	EA.	2	\$7,000.00
CONCRETE DOGHOUSE MANHOLE W/ FRAME & COVER	2005	EA.	1	\$2,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 1B				\$191,765.00

**PHASE 2A - VILLAGE OF SADBURYVILLE (NORTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC P - 0-8 FT DEEP	2007	L.F.	1,299	\$105,609.00
8" SDR-35 PVC P - 8-10 FT DEEP	2007	L.F.	2,980	\$272,074.00
8" SDR-35 PVC P - 10-12 FT DEEP	2007	L.F.	1,706	\$172,818.00
8" SDR-35 PVC P - 12-14 FT DEEP	2007	L.F.	2,073	\$228,652.00
8" SDR-35 PVC P - 14-16 FT DEEP	2007	L.F.	637	\$81,727.00
8" DIP - 0-8 FT DEEP	2007	L.F.	30	\$3,159.00
8" DIP - 14-16 FT DEEP	2007	L.F.	240	\$33,192.00
8" DIP - OVER 16 FT DEEP	2007	L.F.	175	\$33,828.00
8" DIP W/24" STEEL CASING BORE & JACK - ROUTE 30 BYPASS	2007	L.F.	185	\$191,995.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2007	EA.	9	\$22,725.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2007	EA.	12	\$30,000.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2007	EA.	5	\$13,700.00
CONCRETE MANHOLE W/ FRAME & COVER - 12-14 FT DEEP	2007	EA.	7	\$23,100.00
CONCRETE MANHOLE W/ FRAME & COVER - 14-16 FT DEEP	2007	EA.	5	\$19,000.00
CONCRETE MANHOLE W/ FRAME & COVER - OVER 16 FT DEEP	2007	EA.	2	\$10,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS - GRAVITY PHASE 2A				\$1,241,579.00

**PHASE 2B - VILLAGE OF SADBURYVILLE (SOUTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC P - 0-8 FT DEEP	2009	L.F.	260	\$31,634.00
8" SDR-35 PVC P - 8-10 FT DEEP	2009	L.F.	766	\$94,540.00
8" SDR-35 PVC P - 10-12 FT DEEP	2009	L.F.	129	\$9,910.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2009	EA.	1	\$2,550.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2009	EA.	2	\$5,340.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2009	EA.	1	\$3,050.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS - GRAVITY PHASE 2B				\$147,024.00

**PHASE 3A – WASHINGTON LANE AND LINCOLN AVENUE (INCLUDES REEL STREET)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCP – 0-8 FT DEEP	2005	L.F.	696	\$55,569.00
8" SDR-35 PVCP – 8-10 FT DEEP	2005	L.F.	4,193	\$347,348.00
8" SDR-35 PVCP – 10-12 FT DEEP	2005	L.F.	2,097	\$200,977.00
8" SDR-35 PVCP – 12-14 FT DEEP	2005	L.F.	932	\$102,371.00
8" SDR-35 PVCP – 14-16 FT DEEP	2005	L.F.	980	\$122,342.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-8 FT DEEP	2005	EA.	7	\$13,800.00
CONCRETE MANHOLE W/ FRAME & COVER – 8-10 FT DEEP	2005	EA.	12	\$31,500.00
CONCRETE MANHOLE W/ FRAME & COVER – 10-12 FT DEEP	2005	EA.	7	\$17,500.00
CONCRETE MANHOLE W/ FRAME & COVER – 12-14 FT DEEP	2005	EA.	3	\$9,000.00
CONCRETE MANHOLE W/ FRAME & COVER – 14-16 FT DEEP	2005	EA.	2	\$7,000.00
CONCRETE MANHOLE W/ FRAME & COVER – OVER 16 FT DEEP	2005	EA.	2	\$8,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3A				\$915,407.00

**PHASE 3A – WASHINGTON LANE EXTENSION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCP – 6-10 FT DEEP	2009	L.F.	337	\$7,751.00
8" SDR-35 PVCP – 10-14 FT DEEP	2009	L.F.	344	\$8,600.00
CONCRETE MANHOLS W/ FRAME & COVER – 0-8 FT DEEP	2009	EA.	2	\$6,203.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3A – WASHINGTON LANE EXT.				\$22,554.00

**PHASE 3A - WAVERLY BLVD. EXTENSION**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>8" SDR-35 PVC-P - 6-10 FT DEEP</b>	<b>2011</b>	<b>L.F.</b>	<b>160</b>	<b>\$4,416.00</b>
<b>8" SDR-35 PVC-P - 10-14 FT DEEP</b>	<b>2011</b>	<b>L.F.</b>	<b>680</b>	<b>\$20,400.00</b>
<b>CONCRETE MANHOLE W/ FRAME &amp; COVER - 0-8 FT DEEP</b>	<b>2011</b>	<b>EA.</b>	<b>5</b>	<b>\$11,856.00</b>
<b>TOTAL COST ACCOUNT 361 COLLECTION MAINS &amp; ACCESS.-GRAVITY PHASE 3A - WAVERLY BLVD EXT.</b>				<b>\$36,672.00</b>

**PHASE 3B - SOUTH OF WASHINGTON LANE - NORTH OF CONRAIL/AMTRAK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC - 0-8 FT DEEP GREENBELT DRIVE	2005	L.F.	375	\$20,636.00
8" SDR-35 PVC - 12-14 FT DEEP GREENBELT DRIVE	2005	L.F.	50	\$4,255.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP GREENBELT DRIVE	2005	EA.	1	\$1,800.00
CONCRETE MANHOLE W/ FRAME & COVER - 12-14 FT DEEP GREENBELT DRIVE	2005	EA.	1	\$5,000.00
8" SDR-35 PVC - 0-8 FT DEEP	2009	L.F.	1,035	\$98,977.00
8" SDR-35 PVC - 8-10 FT DEEP	2009	L.F.	482	\$46,937.00
8" SDR-35 PVC - 10-12 FT DEEP	2009	L.F.	213	\$21,701.00
8" SDR-35 PVC - 12-14 FT DEEP	2009	L.F.	154	\$16,652.00
8" SDR-35 PVC - 14-16 FT DEEP	2009	L.F.	120	\$14,686.00
8" DIP - 0-8 FT DEEP	2009	L.F.	75	\$8,204.00
8" DIP - 8-10 FT DEEP	2009	L.F.	13	\$1,458.00
8" DIP - 10-12 FT DEEP	2009	L.F.	84	\$9,881.00
8" DIP - 12-14 FT DEEP	2009	L.F.	17	\$2,132.00
8" DIP - 14-16 FT DEEP	2009	L.F.	111	\$15,499.00
8" DIP - OVER 16 FT DEEP	2009	L.F.	154	\$26,277.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2009	EA.	4	\$10,200.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2009	EA.	2	\$5,320.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2009	EA.	1	\$3,050.00
CONCRETE MANHOLE W/ FRAME & COVER - 14-16 FT DEEP	2009	EA.	2	\$7,050.00
CONCRETE MANHOLE W/ FRAME & COVER - OVER 16 FT DEEP	2009	EA.	1	\$4,780.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3B				\$324,495.00

**PHASE 4 - VALLEY ROAD**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC - 0-8 FT DEEP	2011	L.F.	2,396	\$204,259.00
8" SDR-35 PVC - 8-10 FT DEEP	2011	L.F.	780	\$68,055.00
8" SDR-35 PVC - 10-12 FT DEEP	2011	L.F.	180	\$16,065.00
8" SDR-35 PVC - 12-14 FT DEEP	2011	L.F.	113	\$10,312.00
8" SDR-35 PVC - 14-16 FT DEEP	2011	L.F.	60	\$5,595.00
8" SDR-35 PVC - OVER 16 FT DEEP	2011	L.F.	50	\$4,763.00
8" DIP W/ 24" STEEL CASING BORE & JACK STREAM CROSSING	2011	L.F.	75	\$20,850.00
8" DIP - 8-10 FT DEEP	2011	L.F.	0	\$0.00
8" DIP - 10-12 FT DEEP	2011	L.F.	0	\$0.00
8" DIP - 12-14 FT DEEP	2011	L.F.	15	\$1,519.00
8" DIP - 14-16 FT DEEP	2011	L.F.	25	\$2,581.00
8" DIP - OVER 16 FT DEEP	2011	L.F.	350	\$36,838.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2011	EA.	6	\$14,400.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2011	EA.	12	\$31,200.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2011	EA.	1	\$2,800.00
CONCRETE MANHOLE W/ FRAME & COVER - 12-14 FT DEEP	2011	EA.	2	\$6,000.00
CONCRETE MANHOLE W/ FRAME & COVER - 14-16 FT DEEP	2011	EA.	0	\$0.00
CONCRETE MANHOLE W/ FRAME & COVER - OVER 16 FT DEEP	2011	EA.	0	\$0.00
CONCRETE DOGHOUSE MANHOLE W/ FRAME & COVER	2011	EA.	1	\$4,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 4				\$429,237.00

**SADSBURY CROSSING**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2001	L.F.	996	\$24,960.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	8	\$12,680.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY CROSSING				\$37,640.00

**QUARRY RIDGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
PHASE I				
8" SDR-35 PVC	1999	L.F.	1,864	\$46,600.00
8" DIP	1999	L.F.	717	\$31,548.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	13	\$23,220.00
PHASE II				
8" SDR-35 PVC	2001	L.F.	2,275	\$56,875.00
8" DIP	2001	L.F.	298	\$13,112.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	10	\$15,000.00
PHASE III				
8" SDR-35 PVC	2001	L.F.	1,966	\$49,150.00
8" DIP	2001	L.F.	216	\$9,504.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	11	\$16,800.00
PHASE IV				
8" SDR-35 PVC	2002	L.F.	2,278	\$56,950.00
CONCRETE MANHOLE W/ FRAME & COVER	2002	EA.	11	\$16,500.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY QUARRY RIDGE				\$335,259.00

**SADSBURY VILLAGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2006	L.F.	5,019	\$125,475.00
CONCRETE MANHOLE W/ FRAME & COVER	2006	EA.	26	\$41,500.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY VILLAGE				\$166,975.00

**OCTORARA GLEN**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2006	L.F.	3,523	\$68,699.00
CONCRETE MANHOLE W/ FRAME & COVER	2006	EA.	23	\$59,170.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY VILLAGE				\$127,869.00

**COWAN ESTATES (CAPPED SEWERS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2013	L.F.	1,902	\$49,452.00
CONCRETE MANHOLE W/ FRAME & COVER	2013	EA.	18	\$36,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY COWAN ESTATES				\$85,452.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 363 -- SERVICES**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**PHASE 1A -- VILLAGE OF POMEROY (NORTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 4" LATERAL WYE	2000	EA.	115	\$2,300.00
8" X 6" LATERAL WYE	2000	EA.	8	\$160.00
4" SDR-35 PVC LATERAL	2000	L.F.	1,952	\$40,750.00
6" SDR-35 PVC LATERAL	2000	L.F.	201	\$4,602.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 1A				\$47,812.00

**PHASE 1B -- VILLAGE OF POMEROY (SOUTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2005	EA.	19	\$1,520.00
6" SDR-35 PVC LATERAL	2005	L.F.	354	\$17,890.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 1B				\$19,410.00

**PHASE 2A -- VILLAGE OF SADSBURYVILLE (NORTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2007	EA.	48	\$3,072.00
6" SDR-35 PVC LATERAL	2007	L.F.	474	\$40,935.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 2A				\$44,007.00

**PHASE 2B – VILLAGE OF SADBURYVILLE (SOUTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2004	EA.	10	\$1,250.00
6" SDR-35 PVC LATERAL	2004	L.F.	250	\$7,500.00
8" X 6" LATERAL WYE	2004	EA.	12	\$5,220.00
6" SDR-35 PVC LATERAL	2004	L.F.	155	\$4,993.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 2B				\$18,963.00

**PHASE 3A – WASHINGTON LANE AND LINCOLN AVENUE (INCLUDES REEL STREET)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2005	EA.	142	\$11,360.00
6" SDR-35 PVC LATERAL	2005	L.F.	2,300	\$116,420.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3A AND REEL STREET				\$127,780.00

**PHASE 3A – WASHINGTON LANE EXTENSION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2009	L.F.	16	\$560.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3A WASHINGTON LANE EXTENSION				\$560.00

**PHASE 3B - SOUTH OF WASHINGTON LANE - NORTH OF CONRAIL/AMTRAK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE GREENBELT DRIVE	2007	EA.	3	\$240.00
6" SDR-35 PVC LATERAL GREENBELT DRIVE	2007	L.F.	75	\$3,780.00
8" X 6" LATERAL WYE - PVC	2009	EA.	15	\$6,525.00
8" X 6" LATERAL WYE - DIP	2009	EA.	6	\$6,000.00
6" SDR-35 PVC LATERAL	2009	L.F.	498	\$15,877.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3B INCLUDING GREENBELT DRIVE				\$32,422.00

**PHASE 4 - VALLEY ROAD**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2011	EA.	28	\$1,400.00
6" SDR-35 PVC LATERAL	2011	L.F.	622	\$35,610.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 4				\$37,010.00

**SADSBURY CROSSING**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2001	L.F.	856	\$14,261.00
TOTAL COST ACCOUNT 363 - SERVICES SADSBURY CROSSING				\$14,261.00

**QUARRY RIDGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL - PHASE I	2000	L.F.	1,271	\$19,065.00
6" SDR-35 PVC LATERAL - PHASE II	2001	L.F.	1,049	\$15,735.00
6" SDR-35 PVC LATERAL - PHASE III	2001	L.F.	1,327	\$19,905.00
6" SDR-35 PVC LATERAL - PHASE IV	2002	L.F.	1,612	\$24,180.00
TOTAL COST ACCOUNT 363 - SERVICES QUARRY RIDGE				\$78,885.00

**SADSBURY VILLAGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2006	EA.	146	\$10,950.00
6" SDR-35 PVC LATERAL	2006	L.F.	5,110	\$76,650.00
TOTAL COST ACCOUNT 363 - SERVICES SADSBURY VILLAGE				\$87,600.00

**OCTORARA GLEN**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2006	EA.	44	\$7,040.00
6" SDR-35 PVC LATERAL	2006	L.F.	1,352	\$22,646.00
TOTAL COST ACCOUNT 363 - SERVICES OCTORARA GLEN				\$29,686.00

**COWAN ESTATES**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>6" SDR-35 PVC PL LATERAL</b>	<b>2013</b>	<b>L.F.</b>	<b>330</b>	<b>\$7,920.00</b>
<b>TOTAL COST ACCOUNT 363 - SERVICES COWAN ESTATES</b>				<b>\$7,920.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 364 – FLOW METERS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
METER PTT W/ FLOW METER (FORCE MAIN)	1999	L.S.	1	\$25,000.00
SIGMA OPEN CHANNEL FLOW W/MANHOLE & TELEMETRY	2015	L.F.	1,075	\$73,731.00
<b>TOTAL COST ACCOUNT 364 – FLOW METERS</b>				<b>\$98,731.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 371 – PUMPING EQUIPMENT**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
GORMAN RUPP T6A3-B PUMP STATION	1999	L.S.	1	\$225,000.00
<b>TOTAL COST ACCOUNT 371 – PUMPING EQUIPMENT</b>				<b>\$225,000.00</b>

**APPENDIX I**

**SADSBURY TOWNSHIP CUSTOMER ACCOUNT SPREADSHEET**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**FEBRUARY 14, 2017**











Line	Account	Rate	Amount	Balance	Notes
387	700	1.00	1.00	1.00	
388	700	1.00	1.00	1.00	
389	700	1.00	1.00	1.00	
390	700	1.00	1.00	1.00	
391	700	1.00	1.00	1.00	
392	700	1.00	1.00	1.00	
393	700	1.00	1.00	1.00	
394	700	1.00	1.00	1.00	
395	700	1.00	1.00	1.00	
396	700	1.00	1.00	1.00	
397	700	1.00	1.00	1.00	
398	700	1.00	1.00	1.00	
399	700	1.00	1.00	1.00	
400	700	1.00	1.00	1.00	
401	700	1.00	1.00	1.00	
402	700	1.00	1.00	1.00	
403	700	1.00	1.00	1.00	
404	700	1.00	1.00	1.00	
405	700	1.00	1.00	1.00	
406	700	1.00	1.00	1.00	
407	700	1.00	1.00	1.00	
408	700	1.00	1.00	1.00	
409	700	1.00	1.00	1.00	
410	700	1.00	1.00	1.00	
411	700	1.00	1.00	1.00	
412	700	1.00	1.00	1.00	
413	700	1.00	1.00	1.00	
414	700	1.00	1.00	1.00	
415	700	1.00	1.00	1.00	
416	700	1.00	1.00	1.00	
417	700	1.00	1.00	1.00	
418	700	1.00	1.00	1.00	
419	700	1.00	1.00	1.00	
420	700	1.00	1.00	1.00	
421	700	1.00	1.00	1.00	
422	700	1.00	1.00	1.00	
423	700	1.00	1.00	1.00	
424	700	1.00	1.00	1.00	
425	700	1.00	1.00	1.00	
426	700	1.00	1.00	1.00	
427	700	1.00	1.00	1.00	
428	700	1.00	1.00	1.00	
429	700	1.00	1.00	1.00	
430	700	1.00	1.00	1.00	
431	700	1.00	1.00	1.00	
432	700	1.00	1.00	1.00	
433	700	1.00	1.00	1.00	
434	700	1.00	1.00	1.00	
435	700	1.00	1.00	1.00	
436	700	1.00	1.00	1.00	
437	700	1.00	1.00	1.00	
438	700	1.00	1.00	1.00	
439	700	1.00	1.00	1.00	
440	700	1.00	1.00	1.00	
441	700	1.00	1.00	1.00	
442	700	1.00	1.00	1.00	
443	700	1.00	1.00	1.00	
444	700	1.00	1.00	1.00	
445	700	1.00	1.00	1.00	
446	700	1.00	1.00	1.00	
447	700	1.00	1.00	1.00	
448	700	1.00	1.00	1.00	
449	700	1.00	1.00	1.00	
450	700	1.00	1.00	1.00	
451	700	1.00	1.00	1.00	
452	700	1.00	1.00	1.00	
453	700	1.00	1.00	1.00	
454	700	1.00	1.00	1.00	
455	700	1.00	1.00	1.00	
456	700	1.00	1.00	1.00	
457	700	1.00	1.00	1.00	
458	700	1.00	1.00	1.00	
459	700	1.00	1.00	1.00	
460	700	1.00	1.00	1.00	
461	700	1.00	1.00	1.00	
462	700	1.00	1.00	1.00	
463	700	1.00	1.00	1.00	
464	700	1.00	1.00	1.00	
465	700	1.00	1.00	1.00	
466	700	1.00	1.00	1.00	
467	700	1.00	1.00	1.00	
468	700	1.00	1.00	1.00	
469	700	1.00	1.00	1.00	
470	700	1.00	1.00	1.00	
471	700	1.00	1.00	1.00	
472	700	1.00	1.00	1.00	
473	700	1.00	1.00	1.00	
474	700	1.00	1.00	1.00	
475	700	1.00	1.00	1.00	
476	700	1.00	1.00	1.00	
477	700	1.00	1.00	1.00	
478	700	1.00	1.00	1.00	
479	700	1.00	1.00	1.00	
480	700	1.00	1.00	1.00	
481	700	1.00	1.00	1.00	
482	700	1.00	1.00	1.00	
483	700	1.00	1.00	1.00	
484	700	1.00	1.00	1.00	
485	700	1.00	1.00	1.00	
486	700	1.00	1.00	1.00	
487	700	1.00	1.00	1.00	
488	700	1.00	1.00	1.00	
489	700	1.00	1.00	1.00	
490	700	1.00	1.00	1.00	
491	700	1.00	1.00	1.00	
492	700	1.00	1.00	1.00	
493	700	1.00	1.00	1.00	
494	700	1.00	1.00	1.00	
495	700	1.00	1.00	1.00	
496	700	1.00	1.00	1.00	
497	700	1.00	1.00	1.00	
498	700	1.00	1.00	1.00	
499	700	1.00	1.00	1.00	
500	700	1.00	1.00	1.00	

700 Continental Am, PO Box 10  
 710 Continental Am, PO Box 10  
 720 Continental Am, PO Box 10  
 730 Continental Am, PO Box 10  
 740 Continental Am, PO Box 10  
 750 Continental Am, PO Box 10  
 760 Continental Am, PO Box 10  
 770 Continental Am, PO Box 10  
 780 Continental Am, PO Box 10  
 790 Continental Am, PO Box 10  
 800 Continental Am, PO Box 10  
 810 Continental Am, PO Box 10  
 820 Continental Am, PO Box 10  
 830 Continental Am, PO Box 10  
 840 Continental Am, PO Box 10  
 850 Continental Am, PO Box 10  
 860 Continental Am, PO Box 10  
 870 Continental Am, PO Box 10  
 880 Continental Am, PO Box 10  
 890 Continental Am, PO Box 10  
 900 Continental Am, PO Box 10  
 910 Continental Am, PO Box 10  
 920 Continental Am, PO Box 10  
 930 Continental Am, PO Box 10  
 940 Continental Am, PO Box 10  
 950 Continental Am, PO Box 10  
 960 Continental Am, PO Box 10  
 970 Continental Am, PO Box 10  
 980 Continental Am, PO Box 10  
 990 Continental Am, PO Box 10  
 1000 Continental Am, PO Box 10





Line	Account	Code	Rate	Amount	Balance	Notes
80	1000000000					
81	1000000000					
82	1000000000					
83	1000000000					
84	1000000000					
85	1000000000					
86	1000000000					
87	1000000000					
88	1000000000					
89	1000000000					
90	1000000000					
91	1000000000					
92	1000000000					
93	1000000000					
94	1000000000					
95	1000000000					
96	1000000000					
97	1000000000					
98	1000000000					
99	1000000000					
100	1000000000					
101	1000000000					
102	1000000000					
103	1000000000					
104	1000000000					
105	1000000000					
106	1000000000					
107	1000000000					
108	1000000000					
109	1000000000					
110	1000000000					
111	1000000000					
112	1000000000					
113	1000000000					
114	1000000000					
115	1000000000					
116	1000000000					
117	1000000000					
118	1000000000					
119	1000000000					
120	1000000000					
121	1000000000					
122	1000000000					
123	1000000000					
124	1000000000					
125	1000000000					
126	1000000000					
127	1000000000					
128	1000000000					
129	1000000000					
130	1000000000					
131	1000000000					
132	1000000000					
133	1000000000					
134	1000000000					
135	1000000000					
136	1000000000					
137	1000000000					
138	1000000000					
139	1000000000					
140	1000000000					
141	1000000000					
142	1000000000					
143	1000000000					
144	1000000000					
145	1000000000					
146	1000000000					
147	1000000000					
148	1000000000					
149	1000000000					
150	1000000000					
151	1000000000					
152	1000000000					
153	1000000000					
154	1000000000					
155	1000000000					
156	1000000000					
157	1000000000					
158	1000000000					
159	1000000000					
160	1000000000					
161	1000000000					
162	1000000000					
163	1000000000					
164	1000000000					
165	1000000000					
166	1000000000					
167	1000000000					
168	1000000000					
169	1000000000					
170	1000000000					
171	1000000000					
172	1000000000					
173	1000000000					
174	1000000000					
175	1000000000					
176	1000000000					
177	1000000000					
178	1000000000					
179	1000000000					
180	1000000000					
181	1000000000					
182	1000000000					
183	1000000000					
184	1000000000					
185	1000000000					
186	1000000000					
187	1000000000					
188	1000000000					
189	1000000000					
190	1000000000					
191	1000000000					
192	1000000000					
193	1000000000					
194	1000000000					
195	1000000000					
196	1000000000					
197	1000000000					
198	1000000000					
199	1000000000					
200	1000000000					







Line	Account	Address	City	State	Zip	Rate	Class	Code	Amount	Balance	Due Date
180	180	180	180	180	180	180	180	180	180.00	180.00	180
181	181	181	181	181	181	181	181	181	181.00	181.00	181
182	182	182	182	182	182	182	182	182	182.00	182.00	182
183	183	183	183	183	183	183	183	183	183.00	183.00	183
184	184	184	184	184	184	184	184	184	184.00	184.00	184
185	185	185	185	185	185	185	185	185	185.00	185.00	185
186	186	186	186	186	186	186	186	186	186.00	186.00	186
187	187	187	187	187	187	187	187	187	187.00	187.00	187
188	188	188	188	188	188	188	188	188	188.00	188.00	188
189	189	189	189	189	189	189	189	189	189.00	189.00	189
190	190	190	190	190	190	190	190	190	190.00	190.00	190
191	191	191	191	191	191	191	191	191	191.00	191.00	191
192	192	192	192	192	192	192	192	192	192.00	192.00	192
193	193	193	193	193	193	193	193	193	193.00	193.00	193
194	194	194	194	194	194	194	194	194	194.00	194.00	194
195	195	195	195	195	195	195	195	195	195.00	195.00	195
196	196	196	196	196	196	196	196	196	196.00	196.00	196
197	197	197	197	197	197	197	197	197	197.00	197.00	197
198	198	198	198	198	198	198	198	198	198.00	198.00	198
199	199	199	199	199	199	199	199	199	199.00	199.00	199
200	200	200	200	200	200	200	200	200	200.00	200.00	200
201	201	201	201	201	201	201	201	201	201.00	201.00	201
202	202	202	202	202	202	202	202	202	202.00	202.00	202
203	203	203	203	203	203	203	203	203	203.00	203.00	203
204	204	204	204	204	204	204	204	204	204.00	204.00	204
205	205	205	205	205	205	205	205	205	205.00	205.00	205
206	206	206	206	206	206	206	206	206	206.00	206.00	206
207	207	207	207	207	207	207	207	207	207.00	207.00	207
208	208	208	208	208	208	208	208	208	208.00	208.00	208
209	209	209	209	209	209	209	209	209	209.00	209.00	209
210	210	210	210	210	210	210	210	210	210.00	210.00	210
211	211	211	211	211	211	211	211	211	211.00	211.00	211
212	212	212	212	212	212	212	212	212	212.00	212.00	212
213	213	213	213	213	213	213	213	213	213.00	213.00	213
214	214	214	214	214	214	214	214	214	214.00	214.00	214
215	215	215	215	215	215	215	215	215	215.00	215.00	215
216	216	216	216	216	216	216	216	216	216.00	216.00	216
217	217	217	217	217	217	217	217	217	217.00	217.00	217
218	218	218	218	218	218	218	218	218	218.00	218.00	218
219	219	219	219	219	219	219	219	219	219.00	219.00	219
220	220	220	220	220	220	220	220	220	220.00	220.00	220
221	221	221	221	221	221	221	221	221	221.00	221.00	221
222	222	222	222	222	222	222	222	222	222.00	222.00	222
223	223	223	223	223	223	223	223	223	223.00	223.00	223
224	224	224	224	224	224	224	224	224	224.00	224.00	224
225	225	225	225	225	225	225	225	225	225.00	225.00	225
226	226	226	226	226	226	226	226	226	226.00	226.00	226
227	227	227	227	227	227	227	227	227	227.00	227.00	227
228	228	228	228	228	228	228	228	228	228.00	228.00	228
229	229	229	229	229	229	229	229	229	229.00	229.00	229
230	230	230	230	230	230	230	230	230	230.00	230.00	230
231	231	231	231	231	231	231	231	231	231.00	231.00	231
232	232	232	232	232	232	232	232	232	232.00	232.00	232
233	233	233	233	233	233	233	233	233	233.00	233.00	233
234	234	234	234	234	234	234	234	234	234.00	234.00	234
235	235	235	235	235	235	235	235	235	235.00	235.00	235
236	236	236	236	236	236	236	236	236	236.00	236.00	236
237	237	237	237	237	237	237	237	237	237.00	237.00	237
238	238	238	238	238	238	238	238	238	238.00	238.00	238
239	239	239	239	239	239	239	239	239	239.00	239.00	239
240	240	240	240	240	240	240	240	240	240.00	240.00	240
241	241	241	241	241	241	241	241	241	241.00	241.00	241
242	242	242	242	242	242	242	242	242	242.00	242.00	242
243	243	243	243	243	243	243	243	243	243.00	243.00	243
244	244	244	244	244	244	244	244	244	244.00	244.00	244
245	245	245	245	245	245	245	245	245	245.00	245.00	245
246	246	246	246	246	246	246	246	246	246.00	246.00	246
247	247	247	247	247	247	247	247	247	247.00	247.00	247
248	248	248	248	248	248	248	248	248	248.00	248.00	248
249	249	249	249	249	249	249	249	249	249.00	249.00	249
250	250	250	250	250	250	250	250	250	250.00	250.00	250

0.81

180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250

180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250

Schedule 1.3

List of Excluded Assets

NONE

**Schedule 2.2**

**Utility Valuation Experts Final Reports**

Seller's – by HRG (105 pages)

PAWC's – by AUS (45 pages)



**Herbert, Rowland & Grubic, Inc.**  
**Engineering & Related Services**

**369 East Park Drive  
Harrisburg, PA 17111  
(717) 564-1121  
www.hrg-inc.com**

**April 26, 2017  
Updated December 19, 2017**

**FAIR MARKET VALUATION  
OF THE  
SADSBURY TOWNSHIP, CHESTER COUNTY  
SANITARY SEWER SYSTEM**

**As of  
December 31, 2016**

**HRG Project No. R006038.0425**

**Table of Contents**

**Executive Summary .....1**  
**Purpose of the Valuation.....1**  
**System Description .....2**  
**Fair Market Valuation.....2**  
**Cost Approach .....3**  
**Market Approach .....6**  
**Income Approach.....7**  
**Conclusion .....8**

**Schedule A: Certificate of Market Valuation**

**Schedule B: Cost Approach – Original Cost and Accumulated Depreciation**

**Schedule C: Cost Approach – Reproduction Cost and Accumulated Depreciation**

**Schedule D: Market Approach – Comparison of Other Wastewater System Acquisitions**

**Schedule E: Detailed Revenues for 2017 and Expenditures for 2015, 2016 and Budgeted 2017....**

**Schedule F: Income Approach – Rate Base/Rate of Return Present Value Analysis**

**Schedule G: Estimated Reproduction Cost of Rights of Way**

**Schedule H: Future Capital Projects – Next Five Years**

**Exhibit 1: Engineer’s Assessment – List of Assets and Original Costs**

**Exhibit 2: Photos**

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

**EXECUTIVE SUMMARY**

Based on our review of the supporting documents, discussions with Sadsbury Township Staff and professional advisors, the reported condition of the Sadsbury Township Sanitary Sewer System (STSSS), our own on-site assessment of above ground facilities, planned capital projects and an evaluation of the system revenues; we concluded that a fair market value for the system is **\$9,590,000** determined below and in our report.

Consistent with the Uniform Standards of Professional Appraisal Practice (USPAP), HRG employed the cost, market and income approaches in arriving at the fair market value as summarized below.

Cost Approach	\$ 9,680,000
Market Approach	11,320,000
<u>Income Approach</u>	<u>7,780,000</u>
<b>Average Fair Market Value:</b>	<b>\$ 9,590,000</b>

Courts have held "market value may be determined in many ways and does not exclusively depend upon application of the market data approach."<sup>1</sup> HRG believes that each of these approaches has merits and each should be given weight in estimating fair market value as required by the Pennsylvania Public Utility Commission's (PUC) Final Implementation Order relative to Act 12 of 2016. (HRG is obliged to follow the requirements of Act 12 and PUC's Final Implementation Order.)

**PURPOSE OF VALUATION**

The purpose of this report is to establish the fair market value of the STSSS as of December 31, 2016 for the purpose of acquisition of the system by Pennsylvania American Water Company, Inc. (PAWC) in accordance with the agreement between Sadsbury Township (the "Township" or "Sadsbury") and Herbert, Rowland & Grubic, Inc. (HRG) dated December 28, 2016.

HRG's valuation is governed by the requirements of Section 1329 of the Pennsylvania Public Utility Code (Code) that became effective June 13, 2016, applicable to the valuation of municipally or Township

---

<sup>1</sup> Andrew H. Schuster, Valuation of Public Utilities (Matthew Bender & Co., Inc., 1991) §14A.01[3]

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

owned water and wastewater utilities acquired by investor-owned utilities. The purpose of Section 1329 is to establish a process for determining the fair market value.

**SYSTEM DESCRIPTION**

The Township owns and operates a wastewater collection and conveyance system in Sadsbury Township, Chester County, Pennsylvania. The Township began providing sanitary sewer service to residents and businesses of the Township in 1999 and currently serves approximately 998 customers. The collection system consists of approximately 80,000 linear feet of pipe, one pump station and other related wastewater facilities. Collected wastewater is treated by PAWC at its Coatesville facility previously owned by the City of Coatesville Authority. The Township has reserved capacity of 410,750 gallons per day. The average daily flow for 2016 was 150,693 gpd.

**FAIR MARKET VALUATION**

Fair market value is defined as “the value established in a public market by exchanges between willing sellers and willing buyers” not under duress.<sup>2</sup> Such a market would imply substantial availability of data for comparable property exchanges. However, because sales and purchase price data of comparable utilities is limited, other considerations need to be given weight for purposes of estimating a fair market value.

Section 1329 (a) provides that both the buyer and seller will each choose a utility valuation expert (UVE) to “prepare an appraisal of assets, and the average of those appraisals will be used as the fair market value of the asset.”<sup>3</sup> The Order further states that “a fair market valuation allows consideration of cost, market and income approaches in valuing the system.” HRG has addressed each of these approaches in the following appraisal of the STSSS to estimate the fair market value. For the purposes of this valuation, an annual Distribution System Improvement Charge (DSIC) was considered through PAWC’s first projected rate filing. (However, as of the date of our report, it is our understanding that PAWC is

---

<sup>2</sup> Martson, Anson; Winfrey, Robley; Hempstead, Jean C., *Engineering Valuation and Depreciation* (Ames: Iowa State University Press, 1953), p. 8.

<sup>3</sup> *Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Tentative Order entered July 21, 2016) (Final Order entered October 27, 2016).

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

considering an amendment to its existing tariff for the Coatesville Service Area which may result in higher base rates and the elimination of the current DSIC.)

**COST APPROACH**

An engineering assessment prepared by Herbert E. MacCombie, Jr., P.E. Consulting Engineers & Surveyors, Inc. (CES) of Original Cost of the STSSS was provided to HRG as the basis for developing the cost appraisal of the wastewater system. The listing of the inventory as provided by CES is included as Exhibit 1. The assessment includes an inventory of assets, year the asset was placed in service, Original Cost of the asset and the account number based upon the National Association of Regulatory Utility Commissions (NARUC) accounting system. A listing of anticipated future construction of utility plant for the next five years was provided by the Township and is included on Schedule K of the Appendix.

CES's costs for the utility plant were taken from construction documents, final payment requisitions and other documentation and reliable sources. The records documented the sizes, types and lengths of pipelines and the sizes, types and quantities of accessories installed. HRG believes the majority of costs submitted by CES are acceptable for purposes of the appraisal of fair market value.

There are several measures of cost that can be used for valuation purposes. For example, a valuation for rate purposes is different than a valuation for tax, condemnation or for insurance purposes. Cost measures that are commonly used include Original Cost, Replacement Cost and Reproduction Cost. The measures used are discussed in the following paragraphs.

**Original Cost** – Original Cost is the cost of utility plant when initially dedicated to public service and is derived from work orders, construction contracts and other documents. Original Cost is the standard normally used for ratemaking purposes and forms the basis for determining the annual depreciation and return on investment that are components of a regulated utility cost of service. An inventory of assets and Original Costs of the STSSS utility plant by category was provided by CES.

In order to determine current value, depreciation is deducted from the cost. Depreciation is the loss in service value not restored by current maintenance that occurs as a result of wear and tear and action of

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

the elements. HRG calculated annual and accrued depreciation by assigning estimated service lives for each category of utility plant based on experience of comparable wastewater utility systems and deducted the accumulated depreciation from the Original Cost to derive the current value.

For a regulated utility, the objective of depreciation is the cost recovery of the plant cost over the useful life from those customers receiving service at the time that the facilities are in service. In other words to match the cost recovery from those customers benefiting from the facilities in service, thus avoiding subsidizing future customers at the expense of current customers.

Annual depreciation for the STSSS was calculated on a straight-line basis by dividing the Original Cost provided by CES by the service life to obtain the annual write off over the useful life of the utility plant. Accumulated depreciation was calculated by multiplying the annual depreciation for each category by the age. The calculation of annual depreciation, accrued depreciation and Original Cost less depreciation is shown on Schedule B of the Appendix.

) Original Cost is the standard normally used for rate making purposes with the exception of valuations for municipal acquisitions as provided for in Section 1329 of the Code.

A summary of Original Cost and calculated accumulated depreciation as shown on Schedule B of the Appendix is summarized as follows:

Original Cost	\$ 6,840,000
Less Accumulated Depreciation	<u>1,880,000</u>
<b>Depreciated Original Cost</b>	<b>\$ 4,960,000</b>

**Replacement Cost**

For purposes of this appraisal, Replacement Cost has not been used. Replacement Cost would allow the cost to replace an asset with some other asset capable of performing the same function, but the cost of the replacement could be substantially different than the asset that is in service and would allow disputes among the parties of what is a legitimate replacement. Furthermore, a replacement asset may not be the same asset that is being transferred.

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

**Reproduction Cost**

Reproduction Cost is the cost of utility plant stated at a current price level. For purposes of this assessment, a date certain of December 31, 2016 was used. By definition, Reproduction Cost is the cost of replacing the same facilities (in kind) that are being transferred in the sale.

The Reproduction Cost was derived by restating the Original Cost of depreciable utility plant to a current price level as of December 31, 2016. There are several methods of restating costs to a current price level. In this case, Engineering News Record (ENR) cost trend indices were generally used. A cost trend index number measures the relative price as of a stated date. From ENR, the ratio of the index number as of December 31, 2016 to the index number as of the date of service for each asset was calculated and multiplied by the Original Cost to calculate the Reproduction Cost for all utility plants with the exception of collection system mains, based on construction costs of wastewater systems. Cost trend factors are an indication of costs, however, may not be representative of a particular utility.

The CES report states that the footage for mains was determined by reviewing as-built drawings, construction and escrow release records, and other Township records. HRG believes that a representative sample of unit costs taken from similar systems better reflects a more realistic measure of the Reproduction Cost value rather than relying on cost trend factors. The Reproduction Cost for collection system mains was calculated by multiplying the measured feet of main by the current costs developed from other wastewater systems.

Right-of-Way values included in the CES report, in most instances, were shown as \$1 per parcel, however, current Right-of-Way values as shown in Schedule G of the Appendix total approximately \$5.4 million based on the number of square feet of acquired right-of-way. These estimated Reproduction Costs of the Township's Right-of-Way have not been included in the Reproduction Cost approach because the Right-of-Way values are established through a negotiation between the utility and the property owner. Some of the Right-of-Way value may be reflected in the increased value of the property. Annual depreciation and accrued depreciation were calculated by HRG using the same process as used for the Original Cost and using the same service lives that were used in the Original Cost calculation with the exception of annual and accrued depreciation for collection system mains. For collection system

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

mains, annual and accrued depreciation was calculated as a percentage based on the Original Cost calculations.

For purposes of acquisition of the STSSS by PAWC, the Reproduction Cost measure is used as one approach for estimating fair market value. Section 1329 of the Code states "a fair market valuation is not tied to the original cost of construction minus accumulated depreciation."<sup>4</sup> HRG used the Reproduction Cost as the measure of the cost approach.

A summary of Reproduction Cost and the calculated accumulated depreciation, as shown on Schedule C of the Appendix is summarized as follows:

Reproduction Cost	\$ 13,940,000
less Accumulated Depreciation	<u>4,260,000</u>
<b>Depreciated Reproduction Cost</b>	<b>9,680,000</b>

**MARKET APPROACH**

As previously stated, market value is defined as the value established in a public market by exchanges between willing sellers and willing buyers not under duress. Developing a sound basis to determine the market value would require comparisons of comparable systems to establish a true market. Although there have been utility acquisitions in recent years, no two utilities are comparable in that each system is subject to different circumstances.

Utilities are comprised of different treatment facilities, are different ages, are located in different service areas with different terrain characteristics, subject to different physical conditions and are comprised of different customer mixes. All such factors impact the operations, worth and relative appeal to a potential purchaser.

For example, a system that is in a dilapidated condition requiring substantial repairs and upgrades would be less attractive and a buyer would seek a substantial discounted purchase price for such a system over

---

<sup>4</sup> *Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Tentative Order entered July 21, 2016) (Final Order entered October 27, 2016).

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

a system that is in good repair. Conversely, a system that has potential for growth may command a premium. Due to the difficulty of compiling purchase prices of comparable systems, a comparison of several wastewater system costs were used by HRG to estimate the market value.

**Comparison of Other Wastewater System Acquisitions**

HRG used a sample of recent municipal wastewater acquisitions to approximate the value on a per existing customer basis and then averaged the findings to develop an average cost of \$11,505 per customer. The average system purchase price was then multiplied by the number of STSSS existing customers, 944. The resulting estimated value based on a cost per customer is \$11,320,000 as shown on Schedule D of the Appendix. The three transactions shown in Schedule D, which were used for this calculation, were performed under Section 1329 of the Pennsylvania Public Utility Code.

**As one consideration of Fair Market Valuation, HRG finds a value of: \$ 11,320,000**

**INCOME APPROACH**

HRG used the utility method to develop the income value of the STSSS. The utility method develops a net income (cash flow) based on annual depreciation and return.

Typically, the utility basis is applicable for a regulated utility (investor owned utility) and allows a more equitable recovery of capital costs from customers over time since utility plant has a long useful service life. An investor owned utility has access to equity funds from investors as a source of capital.

In place of principle and interest payments required by municipal systems, investors receive a return on their investment based on the depreciated cost of the utility plant times a fair rate of return.

**Cash Flow Present Value Analysis**

Earnings value of a property is the present worth of its probable future net earnings, based on expenses, earnings and the business outlook which are discounted to a present day price level. The projection includes a provision for estimated income taxes applicable to regulated wastewater operations that would be incurred by PAWC. Net income after tax has been projected over a twenty year period and was

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

discounted to a present value. Schedule E summarizes the Township's revenues and expenditures for 2015, 2016 and budgeted 2017.

**Estimated Rate Base/Rate of Return Present Value Analysis**

The present value (present worth) for a regulated utility is a function of the depreciation and return as presented on Schedule F. Years 2017, 2018 and 2019 are based on the cash flow as if the system is operated by the current owner until PAWC files for a general rate increase. Subsequent years from 2020 through 2036 assume a regulated utility basis of depreciation and return.

Annual depreciation has been calculated using estimated service lives for comparable wastewater utility systems. Development of annual accrued depreciation and depreciated cost has been described in the cost approach section of this report. An estimated rate of return on the depreciated cost of 7.5% has been used to calculate return based on PAWC's estimated weighted cost of capital. Available cash as stated is the sum of annual depreciation plus return on the rate base. For purposes of calculating available cash under the utility basis, income taxes are not reflected in the utility approach on Schedule F, because return is calculated after taxes. A discount rate of 7.50% reflects an average rate of return for an investor owned utility.

**As one consideration of Fair Market Valuation, HRG finds a value of: \$ 7,780,000.**

**CONCLUSION**

As previously stated, HRG developed three approaches to estimate the fair market value of the STSSS based on the requirements of Section 1329 of the Code. The approaches incorporate expectations of future events and assumptions and represent a good faith attempt to develop the fair market value based on information available and informed judgement of wastewater systems.

Each of the approaches incorporates assumptions and no one approach can be assumed to be superior. For this reason, HRG believes that equal weightings should be given to each. A summary of the approaches and HRG's finding of value is presented as follows:

**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**

Cost Approach	\$ 9,680,000
Market Approach	11,320,000
<u>Income Approach</u>	<u>7,780,000</u>
<b>Average Fair Market Value:</b>	<b>\$ 9,590,000</b>

**Based on HRG's analysis and investigations, HRG finds the Fair Market Value for the STSSS as of December 31, 2016 to be:       \$ 9,590,000**



**SUPPORTING SCHEDULES**

# **Supporting Schedules**

<b>Schedule A: Certificate of Market Valuation .....</b>	<b>11</b>
<b>Schedule B: Cost Approach – Original Cost and Accumulated Depreciation .....</b>	<b>12</b>
<b>Schedule C: Cost Approach – Reproduction Cost and Accumulated Depreciation.....</b>	<b>14</b>
<b>Schedule D: Market Approach – Comparison of Other Wastewater System Acquisitions .....</b>	<b>16</b>
<b>Schedule E: Detailed Revenues for 2017 and Expenditures for 2015, 2016 and Budgeted 2017 .....</b>	<b>17</b>
<b>Schedule F: Income Approach – Rate Base/Rate of Return Present Value Analysis.....</b>	<b>18</b>
<b>Schedule G: Estimated Reproduction Cost of Rights of Way .....</b>	<b>19</b>
<b>Schedule H: Future Capital Projects – Next Five Years .....</b>	<b>23</b>

**CERTIFICATE OF MARKET VALUATION**

*for*

***Sadsbury Township Sanitary Sewer System***

*as of*

***December 31, 2016***

***Based on analysis, investigations, professional judgement and experience of wastewater valuations and considering several approaches for determining fair market value, HRG finds in their professional opinion that the fair market value of the Sadsbury Township Sanitary Sewer System as of December 31, 2016 is:***

**\$9,590,000**

Sadsbury Township

Cost Approach

Calculation of Original Cost less Accumulated Depreciation (as of 12/31/2016)

SCHEDULE: B

Year	NARUC Account	Asset	Service Life	Age	Original Cost	Annual Depreciation	Accumulated Depreciation	Original Cost less Depreciation
<b>Code 353 - Land and Land Rights</b>								
1999	353	Sadsbury Sewer Corporation	0	17.5	9,625	0	0	9,625
1999	353	Phase 1A - Village of Pomeroy (North)	0	17.5	770	0	0	770
2000	353	Phase 1A - Village of Pomeroy (North)	0	16.5	1	0	0	1
2001	353	Sadsbury Crossing (Carr Subdivision)	0	15.5	0	0	0	0
2002	353	Phase 1B - Village of Pomeroy (South)	0	14.5	3,946	0	0	3,946
2003	353	Phase 3B - Pomeroy Heights (Reel Street)	0	13.5	1	0	0	1
2004	353	Phase 2A - Springview Manor & South Bonsall School Rd.	0	12.5	2	0	0	2
2004	353	Phase 2B - Village of Sadsburyville	0	12.5	4	0	0	4
2004	353	Phase 3A - Pomeroy Heights	0	12.5	0	0	0	0
2004	353	Quarry Ridge	0	12.5	1	0	0	1
2005	353	Phase 2A - Springview Manor & South Bonsall School Rd.	0	11.5	21	0	0	21
2006	353	Phase 2A - Springview Manor & South Bonsall School Rd.	0	10.5	3,948	0	0	3,948
2006	353	Sadsbury Village	0	10.5	1	0	0	1
2008	353	Phase 2B - Village of Sadsburyville	0	8.5	4	0	0	4
2008	353	Phase 3B - Pomeroy Heights (North St. & Stove Pipe Hill Rd.)	0	8.5	3	0	0	3
2008	353	Octorara Glen	0	8.5	1	0	0	1
2010	353	Phase 4 - Valley Road	0	6.5	13	0	0	13
2014	353	Cowan Estates	0	2.5	1	0	0	1
2016	353	Mast Properties	0	0.5	1	0	0	1
<b>Total Land and Land Rights:</b>					<b>18,343</b>	<b>0</b>	<b>0</b>	<b>18,343</b>
<b>Code 354 - Structures and Improvements</b>								
1999	354	Erosion & Sediment Control	25	17.5	1,000	40	700	300
1999	354	Maintenance & Protection of Traffic	2	17.5	2,500	1,250	2,500	0
1999	354	ID-2 Bituminous Wearing Course	15	17.5	200	13	200	0
1999	354	Bituminous Concrete Base Course	25	17.5	600	24	420	180
1999	354	2A Stone	40	17.5	400	10	175	225
1999	354	Sitework	25	17.5	25,000	1,000	17,500	7,500
1999	354	Fence	15	17.5	10,260	684	10,260	0
1999	354	10' Diameter Wet Well	40	17.5	75,000	1,875	32,813	42,188
1999	354	Sewage Waste Grinder	25	17.5	35,000	1,400	24,500	10,500
1999	354	ID-2 Weaving - PennDOT Roadway	15	17.5	200	13	200	0
1999	354	ID-2 Binder - PennDOT Roadway	15	17.5	240	16	240	0
1999	354	BCBC - PennDOT Roadway	15	17.5	600	40	600	0
1999	354	Seeding	15	17.5	1,560	104	1,560	0
<b>Total Structures and Improvements:</b>					<b>152,560</b>	<b>6,470</b>	<b>91,668</b>	<b>60,893</b>
<b>Code 355 - Power Generation Equipment</b>								
1999	355	135 KW Natural Gas Generator	15	17.5	40,000	2,667	40,000	0
<b>Total Power Generation Equipment:</b>					<b>40,000</b>	<b>2,667</b>	<b>40,000</b>	<b>0</b>
<b>Code 360 - Collection Sewers - Force</b>								
1999	360	10" SDR-26 PVC	60	17.5	85,000	1,417	24,792	60,208
1999	360	Concrete Clean-Out Manholes	60	17.5	7,500	125	2,188	5,313
<b>Total Collection Sewers - Force:</b>					<b>92,500</b>	<b>1,542</b>	<b>26,979</b>	<b>65,521</b>
<b>Code 361 - Collection Sewers - Gravity</b>								
1999	361	Sadsbury Sewer Corporation	50	17.5	943,242	18,865	330,135	613,107
1999	361	Quarry Ridge	50	17.5	101,368	2,027	35,479	65,889
2000	361	Phase 1A - Village of Pomeroy (North)	50	16.5	663,225	13,265	218,864	444,361
2001	361	Quarry Ridge	50	15.5	160,441	3,209	49,737	110,704
2002	361	Quarry Ridge	50	14.5	73,450	1,469	21,301	52,150
2005	361	Phase 1B - Village of Pomeroy (South)	50	11.5	191,765	3,835	44,106	147,659
2005	361	Phase 3A - Washington Lane and Lincoln Avenue (Includes F	50	11.5	915,407	18,308	210,544	704,863
2005	361	Phase 3B - South of Washington Lane - North of Conrail/Am	50	11.5	31,691	634	7,289	24,402
2006	361	Sadsbury Village	50	10.5	166,975	3,340	35,065	131,910
2006	361	Octorara Glen	50	10.5	127,869	2,557	26,852	101,017
2007	361	Phase 2A - Village of Sadsburyville (North of Route 30 Bypas	50	9.5	1,241,579	24,832	235,900	1,005,679
2009	361	Phase 2B - Village of Sadsburyville (South of Route 30 Bypas	50	7.5	147,024	2,940	22,054	124,970
2009	361	Phase 3A - Washington Lane Extension	50	7.5	22,554	451	3,383	19,171
2009	361	Phase 3B - South of Washington Lane - North of Conrail/Am	50	7.5	292,804	5,856	43,921	248,883
2011	361	Phase 3A - Waverly Blvd. Extension	50	5.5	36,672	733	4,034	32,638

Sadsbury Township

SCHEDULE: B

Cost Approach

Calculation of Original Cost less Accumulated Depreciation (as of 12/31/2016)

Year	NARUC Account	Asset	Service Life	Age	Original Cost	Annual Depreciation	Accumulated Depreciation	Original Cost less Depreciation
2011	361	Phase 4 - Valley Road	50	5.5	429,237	8,585	47,216	382,021
2011	361	Sadsbury Crossing	50	5.5	37,640	753	4,140	33,500
2013	361	Cowan Estates (Capped Sewers)	50	3.5	85,452	1,709	5,982	79,470
<b>Total Collection Sewers - Gravity:</b>					<b>5,668,395</b>	<b>113,368</b>	<b>1,346,000</b>	<b>4,322,395</b>
								23.7%
<b>Code 363 - Services to Customers</b>								
2000	363	Phase 1A - Village of Pomeroy (North)	35	16.5	47,812	1,366	22,540	25,272
2000	363	Quarry Ridge	35	16.5	19,065	545	8,988	10,077
2001	363	Sadsbury Crossing	35	15.5	14,261	407	6,316	7,945
2001	363	Quarry Ridge	35	15.5	35,640	1,018	15,783	19,857
2002	363	Quarry Ridge	35	14.5	24,180	691	10,017	14,163
2004	363	Phase 2B - Village of Sadsburyville (South of Route 30 Bypass)	35	12.5	18,963	542	6,773	12,191
2005	363	Phase 1B - Village of Pomeroy (South)	35	11.5	19,410	555	6,378	13,032
2005	363	Phase 3A - Washington Lane and Lincoln Avenue (Includes F	35	11.5	127,780	3,651	41,985	85,795
2006	363	Sadsbury Village	35	10.5	87,600	2,503	26,280	61,320
2006	363	Octorara Glen	35	10.5	29,686	848	8,906	20,780
2007	363	Phase 2A - Village of Sadsburyville (North of Route 30 Bypass)	35	9.5	44,007	1,257	11,945	32,062
2007	363	Phase 3B - South of Washington Lane - North of Conrail/Am	35	9.5	4,020	115	1,091	2,929
2009	363	Phase 3A - Washington Lane Extension	35	7.5	560	16	120	440
2009	363	Phase 3B - South of Washington Lane - North of Conrail/Am	35	7.5	28,402	811	6,086	22,316
2011	363	Phase 4 - Valley Road	35	5.5	37,010	1,057	5,816	31,194
2013	363	Cowan Estates	35	3.5	7,920	226	792	7,128
<b>Total Services to Customers:</b>					<b>546,316</b>	<b>15,609</b>	<b>179,815</b>	<b>366,501</b>
<b>Code 364 - Flow Measuring Devices</b>								
1999	364	Meter Pit w/ Flow Meter (Force Main)	10	17.5	25,000	2,500	25,000	0
2015	364	Sigma Open Channel Flow w/ Manhole & Telemetry	10	1.5	73,731	7,373	11,060	62,671
<b>Total Flow Measuring Devices:</b>					<b>98,731</b>	<b>9,873</b>	<b>36,060</b>	<b>62,671</b>
<b>Code 371 - Pumping Equipment</b>								
1999	371	Corman Rupp T6A3-B Pump Station	25	17.5	225,000	9,000	157,500	67,500
<b>Total Pumping Equipment:</b>					<b>225,000</b>	<b>9,000</b>	<b>157,500</b>	<b>67,500</b>

**SUBTOTAL**

		Original Cost	Annual Depreciation	Accumulated Depreciation	Original Cost less Depreciation
353	Land and Land Rights	18,343	0	0	18,343
354	Structures and Improvements	152,560	6,470	91,668	60,893
355	Power Generation Equipment	40,000	2,667	40,000	0
360	Collection Sewers - Force	92,500	1,542	26,979	65,521
361	Collection Sewers - Gravity	5,668,395	113,368	1,346,000	4,322,395
363	Services to Customers	546,316	15,609	179,815	366,501
364	Flow Measuring Devices	98,731	9,873	36,060	62,671
371	Pumping Equipment	225,000	9,000	157,500	67,500

\*Only includes new construction projects.

Sadsbury Township

SCHEDULE: C

Cost Approach

Calculation of Reproduction Cost less Accumulated Depreciation (as of 12/31/2016)

NARUC Account	Asset	Service Life	Age	Original Cost	10385 ENR Index	Trend Factor	Reproduction Cost	Annual Depreciation	Accumulated Depreciation	Reproduction Cost less Depreciation
<b>Land and Land Rights</b>										
1999 353	Sadsbury Sewer Corporation	0	17.5	9,625	6059	1.7140	16,497	0	0	16,497
1999 353	Phase 1A - Village of Pomeroy (North)	0	17.5	770	6059	1.7140	1,320	0	0	1,320
2000 353	Phase 1A - Village of Pomeroy (North)	0	16.5	1	6221	1.6693	2	0	0	2
2001 353	Sadsbury Crossing (Carr Subdivision)	0	15.5	0	6342	1.6375	0	0	0	0
2002 353	Phase 1B - Village of Pomeroy (South)	0	14.5	3,946	6538	1.5884	6,268	0	0	6,268
2003 353	Phase 3B - Pomeroy Heights (Reel Street)	0	13.5	1	6695	1.5513	2	0	0	2
2004 353	Phase 2A - Springview Manor & South Bonsall School Rd	0	12.5	2	7115	1.4596	3	0	0	3
2004 353	Phase 2B - Village of Sadsburyville	0	12.5	4	7115	1.4596	6	0	0	6
2004 353	Phase 3A - Pomeroy Heights	0	12.5	0	7115	1.4596	0	0	0	0
2004 353	Quarry Ridge	0	12.5	1	7115	1.4596	1	0	0	1
2005 353	Phase 2A - Springview Manor & South Bonsall School Rd	0	11.5	21	7446	1.3947	29	0	0	29
2006 353	Phase 2A - Springview Manor & South Bonsall School Rd	0	10.5	3,948	7751	1.3398	5,289	0	0	5,289
2006 353	Sadsbury Village	0	10.5	1	7751	1.3398	1	0	0	1
2008 353	Phase 2B - Village of Sadsburyville	0	8.5	4	8310	1.2497	5	0	0	5
2008 353	Phase 3B - Pomeroy Heights (North St. & Stove Pipe Hill)	0	8.5	3	8310	1.2497	4	0	0	4
2008 353	Octorara Glen	0	8.5	1	8310	1.2497	1	0	0	1
2010 353	Phase 4 - Valley Road	0	6.5	13	8799	1.1803	15	0	0	15
2014 353	Cowan Estates	0	2.5	1	9807	1.0590	1	0	0	1
2016 353	Mast Properties	0	0.5	1	10385	1.0000	1	0	0	1
<b>Total Land and Land Rights:</b>				<b>18,343</b>			<b>29,446</b>	<b>0</b>	<b>0</b>	<b>29,446</b>
<b>Structures and Improvements</b>										
1999 354	Erosion & Sediment Control	25	17.5	1,000	6059	1.7140	1,714	69	1,200	514
1999 354	Maintenance & Protection of Traffic	2	17.5	2,500	6059	1.7140	4,285	2,142	4,285	0
1999 354	ID-2 Bituminous Wearing Course	15	17.5	200	6059	1.7140	343	23	343	0
1999 354	Bituminous Concrete Base Course	25	17.5	600	6059	1.7140	1,028	41	720	309
1999 354	2A Stone	40	17.5	400	6059	1.7140	686	17	300	386
1999 354	Sitework	25	17.5	25,000	6059	1.7140	42,849	1,714	29,995	12,855
1999 354	Fence	15	17.5	10,260	6059	1.7140	17,585	1,172	17,585	0
1999 354	10' Diameter Wet Well	40	17.5	75,000	6059	1.7140	128,548	3,214	56,240	72,308
1999 354	Sewage Waste Grinder	25	17.5	35,000	6059	1.7140	59,989	2,400	41,992	17,997
1999 354	ID-2 Weaving - PennDOT Roadway	15	17.5	200	6059	1.7140	343	23	343	0
1999 354	ID-2 Binder - PennDOT Roadway	15	17.5	240	6059	1.7140	411	27	411	0
1999 354	BCBC - PennDOT Roadway	15	17.5	600	6059	1.7140	1,028	69	1,028	0
1999 354	Seeding	15	17.5	1,560	6059	1.7140	2,674	178	2,674	0
<b>Total Structures and Improvements:</b>				<b>152,560</b>			<b>261,485</b>	<b>11,089</b>	<b>157,116</b>	<b>104,369</b>
<b>Power Generation Equipment</b>										
1999 355	135 KW Natural Gas Generator	15	17.5	40,000	6059	1.7140	68,559	4,571	68,559	0
<b>Total Power Generation Equipment:</b>				<b>40,000</b>			<b>68,559</b>	<b>4,571</b>	<b>68,559</b>	<b>0</b>
<b>Force Main Sewers</b>										
1999 360	10" SDR-26 PVC	60	17.5	85,000	6059	1.7140	145,688	2,428	42,492	103,196
1999 360	Concrete Clean-Out Manholes	60	17.5	7,500	6059	1.7140	12,855	214	3,749	9,106
<b>Total Collection Sewers - Force:</b>				<b>92,500</b>			<b>158,543</b>	<b>2,642</b>	<b>46,242</b>	<b>112,301</b>
<b>Gravity Sewers</b>										
1999 361	Sadsbury Sewer Corporation	50	17.5	943,242	6059	1.7140	1,616,697	32,334	565,844	1,050,853
1999 361	Quarry Ridge	50	17.5	101,368	6059	1.7140	173,743	3,475	60,810	112,933
2000 361	Phase 1A - Village of Pomeroy (North)	50	16.5	663,225	6221	1.6693	1,107,122	22,142	365,350	741,772
2001 361	Quarry Ridge	50	15.5	160,441	6342	1.6375	262,718	5,254	81,443	181,275
2002 361	Quarry Ridge	50	14.5	73,450	6538	1.5884	116,668	2,333	33,834	82,835
2005 361	Phase 1B - Village of Pomeroy (South)	50	11.5	191,765	7446	1.3947	267,453	5,349	61,514	205,939
2005 361	Phase 3A - Washington Lane and Lincoln Avenue (Includ:	50	11.5	915,407	7446	1.3947	1,276,712	25,534	293,644	983,068
2005 361	Phase 3B - South of Washington Lane - North of Conrail	50	11.5	31,691	7446	1.3947	44,199	884	10,166	34,033
2006 361	Sadsbury Village	50	10.5	166,975	7751	1.3398	223,710	4,474	46,979	176,731
2006 361	Octorara Glen	50	10.5	127,869	7751	1.3398	171,317	3,426	35,977	135,340
2007 361	Phase 2A - Village of Sadsburyville (North of Route 30 B:	50	9.5	1,241,579	7967	1.3035	1,618,401	32,368	307,496	1,310,905
2009 361	Phase 2B - Village of Sadsburyville (South of Route 30 B:	50	7.5	147,024	8570	1.2118	178,160	3,563	26,724	151,436
2009 361	Phase 3A - Washington Lane Extension	50	7.5	22,554	8570	1.2118	27,330	547	4,100	23,231
2009 361	Phase 3B - South of Washington Lane - North of Conrail	50	7.5	292,804	8570	1.2118	354,812	7,096	53,222	301,590
2011 361	Phase 3A - Waverly Blvd Extension	50	5.5	36,672	9070	1.1450	41,990	840	4,619	37,371
2011 361	Phase 4 - Valley Road	50	5.5	429,237	9070	1.1450	491,478	9,830	54,063	437,416
2011 361	Sadsbury Crossing	50	5.5	37,640	9070	1.1450	43,098	862	4,741	38,357
2013 361	Cowan Estates (Capped Sewers)	50	3.5	85,452	9547	1.0878	92,956	1,859	6,507	86,449
<b>Total Collection Sewers - Gravity:</b>				<b>5,668,395</b>			<b>8,108,565</b>	<b>162,171</b>	<b>2,017,031</b>	<b>6,091,534</b>
										24.875%

NOTE: A description of additional Collection System Asset Reproduction Costs can be found at the bottom of this schedule.

2000 363	Phase 1A - Village of Pomeroy (North)	35	16.5	47,812	6221	1.6693	79,813	2,280	37,626	42,187
2001 363	Quarry Ridge	35	16.5	19,065	6221	1.6693	31,825	909	15,003	16,822
2001 363	Sadsbury Crossing	35	15.5	14,261	6342	1.6375	23,352	667	10,342	13,010
2001 363	Quarry Ridge	35	15.5	35,640	6342	1.6375	58,360	1,667	25,845	32,515
2002 363	Quarry Ridge	35	14.5	24,180	6538	1.5884	38,408	1,097	15,912	22,496
2004 363	Phase 2B - Village of Sadsburyville (South of Route 30 B:	35	12.5	18,963	7115	1.4596	27,678	791	9,885	17,793

Sadsbury Township

SCHEDULE: C

Cost Approach

Calculation of Reproduction Cost less Accumulated Depreciation (as of 12/31/2016)

NARUC Account	Asset	Service Life	Age	Original Cost	10385 ENR Index	Trend Factor	Reproduction Cost	Annual Depreciation	Accumulated Depreciation	Reproduction Cost less Depreciation
2005 363	Phase 1B - Village of Pomeroy (South)	35	11.5	19,410	7446	1.3947	27,071	773	8,895	18,176
2005 363	Phase 3A - Washington Lane and Lincoln Avenue (Includ	35	11.5	127,780	7446	1.3947	178,214	5,092	58,556	119,658
2006 363	Sadsbury Village	35	10.5	87,600	7751	1.3398	117,365	3,353	35,210	82,156
2006 363	Octorara Glen	35	10.5	29,686	7751	1.3398	39,773	1,136	11,932	27,841
2007 363	Phase 2A - Village of Sadsburyville (North of Route 30 B;	35	9.5	44,007	7967	1.3035	57,363	1,639	15,570	41,793
2007 363	Phase 3B - South of Washington Lane - North of Conrail/	35	9.5	4,020	7967	1.3035	5,240	150	1,422	3,818
2009 363	Phase 3A - Washington Lane Extension	35	7.5	560	8570	1.2118	679	19	145	533
2009 363	Phase 3B - South of Washington Lane - North of Conrail/	35	7.5	28,402	8570	1.2118	34,417	983	7,375	27,042
2011 363	Phase 4 - Valley Road	35	5.5	37,010	9070	1.1450	42,377	1,211	6,659	35,717
2013 363	Cowan Estates	35	3.5	7,920	9547	1.0878	8,615	246	862	7,754
<b>Total Services to Customers:</b>				<b>546,316</b>			<b>770,549</b>	<b>22,016</b>	<b>261,238</b>	<b>509,310</b>
<hr/>										
1999 364	Meter Pit w/ Flow Meter (Force Main)	10	17.5	25,000	6059	1.7140	42,849	4,285	42,849	0
2015 364	Sigma Open Channel Flow w/ Manhole & Telemetry	10	1.5	73,731	10036	1.0348	76,296	7,630	11,444	64,852
<b>Total Flow Measuring Devices:</b>				<b>98,731</b>			<b>119,146</b>	<b>11,915</b>	<b>54,294</b>	<b>64,852</b>
<hr/>										
1999 371	Gorman Rupp T6A3-B Pump Station	25	17.5	225,000	6059	1.7140	385,645	15,426	269,952	115,694
<b>Total Pumping Equipment:</b>				<b>225,000</b>			<b>385,645</b>	<b>15,426</b>	<b>269,952</b>	<b>115,694</b>

**Total Reproduction Cost less Accumulated Depreciation: \$1,943,972**

NARUC Account	Asset	Original Cost	Reproduction Cost	Annual Depreciation	Accumulated Depreciation	Reproduction Cost less Depreciation
353	Land and Land Rights	18,343	29,446	0	0	29,446
354	Structures and Improvements	152,560	261,485	11,089	157,116	104,368
355	Power Generation Equipment	40,000	68,559	4,571	68,559	0
360	Collection Sewers - Force	92,500	158,543	2,642	46,242	112,301
361	Collection Sewers - Gravity**	5,668,395	12,150,600	303,765	3,402,168	8,748,432
363	Services to Customers	546,316	770,549	22,016	261,238	509,310
364	Flow Measuring Devices	98,731	119,146	11,915	54,294	64,852
371	Pumping Equipment	225,000	385,645	15,426	269,952	115,694
<b>Total Cost of Assets:</b>		<b>\$11,245,145</b>	<b>\$1,943,972</b>	<b>\$571,835</b>	<b>\$2,739,522</b>	<b>\$1,214,450</b>

\*Only includes new construction projects.

**Collection System Mains**

Based on a detailed analysis of regional wastewater collection system construction costs, the current estimated unit cost per linear foot (LF) is approximately \$154. The STSSS consists of approximately 78,900 LF of pipe resulting in a total Reproduction Cost for the entire collection system of \$12,150,600, as shown below:

Estimated Cost per LF	\$154
Approximate LF of STSSS	78,900
Est. Reproduction Cost of the Collection System	\$12,150,600

\*\*Includes calculated Reproduction Cost of the Collection System less the Reproduction Cost of the Force Mains.

**Sadsbury Township  
Market Approach**

**SCHEDULE: D**

*Comparison of Other Wastewater System Acquisitions*

<b>Approx. Date</b>	<b>Buyer</b>	<b>Seller</b>	<b>County</b>	<b>Total Purchase Price</b>	<b>Number of Total Existing Customers</b>	<b>Market Value</b>
May-17	PA American Water	City of McKeesport	Allegheny	\$ 190,130,000	21,953	\$ 8,661
Aug-16	Aqua PA	New Garden Twp. SA	Chester	\$ 29,500,000	2,106	\$ 14,008
Dec-17	Aqua Pennsylvania	Limerick Township	Montgomery	\$ 64,373,000	5,434	\$ 11,846
<b>Average Market Value per Customer:</b>						<b>\$ 11,505</b>

<b>Average Market Value per Customer*</b>	<b>\$ 11,505</b>
<b>Number of Sadsbury Existing Customers</b>	<b>984</b>
<b>Estimated Market Value:</b>	<b>\$ 11,320,000</b>

\* The three transactions above were performed under Section 1329 of the Pennsylvania Public Utility Code.

Sadsbury Township

SCHEDULE: E

Detailed Revenues for 2017 and Expenditures for 2015, 2016 and Budgeted 2017

	2015 Actual	2016 Actual	2017 Budgeted
<b>REVENUES</b>			
Interest Income			600
Tapping Fees			-
West Caln Tapping Fee			-
Lateral Inspection			320
Usage Fees			1,008,000
Usage Fees - West Caln Township Billed to PAWC			29,700
Application Fee			-
Capacity Fees			-
Water Meters			1,000
Late Charges			16,200
Interest Charges			300
Sewer Certification			2,000
Miscellaneous Revenue			500
Loan from Capital Reserve Fund			-
<b>TOTAL SEWER REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,058,620</b>
<b>EXPENDITURES</b>			
<i>Financial Administration Expenses</i>			
Reconciliation Discrepancies	(601)	-	-
Administration/Billing	49,729	44,567	65,600
Professional Fees - Sale of Sewer System	-	-	115,000
PAWC Billing & Collection Fees	534	495	550
Admin. General Fund	-	267	-
Auditor Fees	67,415	51,109	45,000
Banking Fees	3,304	4,660	2,700
Phone - Pump Station	2,310	2,250	2,800
Loan Principal - 1998 Note	47,000	49,000	51,000
Loan Interest - 1998 Note	33,982	31,701	29,800
Loan Principal - 2003 Note	187,000	194,000	202,000
Loan Interest - 2003 Note	81,727	73,385	67,800
Loan Principal - 2009 Note	1,000	1,000	1,000
Loan Interest - 2009 Note	5,081	6,542	8,100
<i>Total Financial Administration Expenses:</i>	<i>478,481</i>	<i>458,976</i>	<i>591,350</i>
<i>Construction/Design Expenses</i>			
Application Reviews	-	-	-
Lateral Inspections	2,073	258	400
Reimbursement	(6,284)	1,977	3,100
Engineering - Other	13,072	15,737	17,500
Capital Projects	-	-	85,700
<i>Construction/Design</i>	<i>95,337</i>	<i>-</i>	<i>-</i>
<i>Total Construction/Design Expenses:</i>	<i>104,198</i>	<i>17,971</i>	<i>106,700</i>
<i>Other Expenses</i>			
PAWC - Treatment	475,197	412,695	491,500
Legal - Sewer	10,661	27,771	9,000
Legal Fees Lein	(3,717)	(963)	-
Reimbursement	-	(116)	-
Pump Station Maintenance	21,667	33,483	57,300
Water Meters	2,308	790	1,300
Major Repairs	1,200	-	-
<i>Maintenance - Sewers</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Total Other Expenses:</i>	<i>507,317</i>	<i>473,660</i>	<i>559,100</i>
<b>TOTAL SEWER EXPENDITURES</b>	<b>1,089,997</b>	<b>950,607</b>	<b>1,257,150</b>

**Sadsbury Township**

**SCHEDULE: F**

**Income Approach**

*Base/Rate of Return Present Value Analysis*

Year	Reproduction Cost	Capital Projects [1]	Reproduction Cost with Additions	Annual Depreciation	Accumulated Depreciation	Depreciated Reproduction Cost	Return 7.50%	Cash Flow (Income Approach) [2]	Cash Flow
2017	\$ 13,943,972	\$ 16,500	\$ 13,960,472	\$ -	\$ 4,631,652	\$ -	\$ -	\$ 365,015	\$ 365,015
2018	13,960,472	41,009	14,001,481	-	5,004,555	-	-	458,826	458,826
2019	14,001,481	41,009	14,042,490	-	5,378,278	-	-	467,550	467,550
2020	14,042,490	-	14,042,490	373,723	5,752,002	8,290,489	621,787	-	995,510
2021	14,042,490	-	14,042,490	373,723	6,125,725	7,916,765	593,757	-	967,481
2022	14,042,490	-	14,042,490	373,723	6,499,448	7,543,042	565,728	-	939,451
2023	14,042,490	-	14,042,490	373,723	6,873,171	7,169,319	537,699	-	911,422
2024	14,042,490	-	14,042,490	373,723	7,246,895	6,795,595	509,670	-	883,393
2025	14,042,490	-	14,042,490	373,723	7,620,618	6,421,872	481,640	-	855,364
2026	14,042,490	-	14,042,490	373,723	7,994,341	6,048,149	453,611	-	827,334
2027	14,042,490	-	14,042,490	373,723	8,368,065	5,674,426	425,582	-	799,305
2028	14,042,490	-	14,042,490	373,723	8,741,788	5,300,702	397,553	-	771,276
2029	14,042,490	-	14,042,490	373,723	9,115,511	4,926,979	369,523	-	743,247
2030	14,042,490	-	14,042,490	373,723	9,489,235	4,553,256	341,494	-	715,217
2031	14,042,490	-	14,042,490	373,723	9,862,958	4,179,532	313,465	-	687,188
2032	14,042,490	-	14,042,490	373,723	10,236,681	3,805,809	285,436	-	659,159
2033	14,042,490	-	14,042,490	373,723	10,610,405	3,432,086	257,406	-	631,130
2034	14,042,490	-	14,042,490	373,723	10,984,128	3,058,362	229,377	-	603,100
2035	14,042,490	-	14,042,490	373,723	11,357,851	2,684,639	201,348	-	575,071
2036	14,042,490	-	14,042,490	373,723	11,731,574	2,310,916	173,319	-	547,042

Present Value Discount Rate: 6.75%  
 Resulting Present Value: \$7,780,000

**Assumptions**

[1] Based on project listing provided by the Township.

[2] We assume the cash flow projections as if the system is operated by the current owner for years 2017 through 2019 until PAWC files for a general rate increase.

Assumes renewals and replacements offset retirements with no charge to original cost.

**Sadsbury Township**  
**Income Approach**  
*Estimated Reproduction Cost of Rights of Way*

**SCHEDULE: G**

Grantor	Date	Unit	Qty	Original Cost	Est. 2017 Cost per SF	Estimated 2017 Cost
<b><u>Sadsbury Sewer Corporation</u></b>						
JYF Partners	8/4/1999	S.F.	12,522.06	\$1.00	\$3.90	\$48,836
Harry & Athena Lymberis	7/30/1999	S.F.	2,557.06	\$1.00	\$3.90	\$9,973
JYF Partners	7/30/1999	S.F.	4,089.60	\$1.00	\$3.90	\$15,949
Lawrence VanDyke & Randa Leamy	9/3/1999	S.F.	3,008.85	\$1.00	\$3.90	\$11,735
Albert Russell Schaible	7/28/1999	S.F.	3,460.09	\$1.00	\$3.90	\$13,494
Albert Russell Schaible	7/28/1999	S.F.	647.13	\$1.00	\$3.90	\$2,524
JYF Partners	7/30/1999	S.F.	11,805.95	\$1.00	\$3.90	\$46,043
Herman & Dorothy Iglesias	9/16/1999	S.F.	881.94	\$1.00	\$3.90	\$3,440
Herman & Dorothy Iglesias	9/16/1999	S.F.	1,845.95	\$1.00	\$3.90	\$7,199
Herman & Dorothy Iglesias	9/16/1999	S.F.	5,631.64	\$1.00	\$3.90	\$21,963
JYF Partners	7/30/1999	S.F.	1,415.51	\$1.00	\$3.90	\$5,520
Sadsbury Associates, L.P.	8/19/1999	S.F.	12,332.35	\$1.00	\$3.90	\$48,096
Frank Wick	8/4/1999	S.F.	12,978.00	\$1.00	\$3.90	\$50,614
Sadsbury Township	9/23/1999	S.F.	52,619.71	\$1.00	\$3.90	\$205,217
AIM Development Corporation	7/28/1999	S.F.	5,660.43	\$1.00	\$3.90	\$22,076
AIM Development Corporation	7/28/1999	S.F.	13,966.58	\$1.00	\$3.90	\$54,470
AIM Development Corporation	7/28/1999	S.F.	15.65	\$1.00	\$3.90	\$61
Cosmos Development Company	9/19/1999	S.F.	862.81	\$1.00	\$3.90	\$3,365
Quinn Industries	7/18/1999	S.F.	2,136.68	\$1.00	\$3.90	\$11,306
			762.27			
Sadsbury Township	9/23/1999	S.F.	24,468.41	\$1.00	\$3.90	\$95,427
Sadsbury Township	9/23/1999	S.F.	7,565.50	\$1.00	\$3.90	\$31,010
			385.78			
Sadsbury Township	9/23/1999	S.F.	4,049.81	\$1.00	\$3.90	\$15,794
Sadsbury Township	9/23/1999	S.F.	18,645.19	\$1.00	\$3.90	\$72,716
Ann Beatrice McGrail	7/30/1999	S.F.	28,558.05	\$1.00	\$3.90	\$111,376
Ann Beatrice McGrail	7/30/1999	S.F.	44,318.32	\$1.00	\$3.90	\$172,841
Signature Hospitality	9/23/1999	S.F.	12,238.00	\$9,600.00	\$3.90	\$47,728
<b>Total Cost for Incentives for Sadsbury Sewer Corporation Trunk Lines and Interceptor Pumps</b>						
				\$9,600.00		\$38,577

**Phase 1A - Village of Pomeroy (North)**

Elmer, Jr. and Dorothy M. Leamy	11/1/1999	S.F.	3,006	\$1.00	\$3.90	\$11,723
Randy J and Kathy S. McCarragher	9/1/1999	S.F.	1,804	\$1.00	\$3.90	\$7,036
Thomas Rominger	12/11/1999	S.F.	522	\$1.00	\$3.90	\$2,036
Michael J. and Phyllis C. Loftus	12/3/1999	S.F.	3,006	\$1.00	\$3.90	\$11,723
Frank Wolfe	9/13/1999	S.F.	3,125	\$1.00	\$3.90	\$12,188
John D. Warmijak, III	12/11/1999	S.F.	450	\$1.00	\$3.90	\$1,755
Charles F. and Dorothy L. Gay	9/1/1999	S.F.	1,500	\$1.00	\$3.90	\$5,850
John E. Friedrich	10/29/1999	S.F.	3,125	\$1.00	\$3.90	\$12,188
Richard F. and Linda E. Arner	9/3/1999	S.F.	1,881	\$1.00	\$3.90	\$7,336
Joseph L. & Terry L. DiSciullo	9/16/1999	S.F.	2,435	\$1.00	\$3.90	\$9,497
Andrew and Leona E. Zvodar	9/9/1999	S.F.	1,522	\$1.00	\$3.90	\$5,936

**Sadsbury Township**

**SCHEDULE: G**

**Income Approach**

*Estimated Reproduction Cost of Rights of Way*

Grantor	Date	Unit	Qty	Original Cost	Est. 2017 Cost per SF	Estimated 2017 Cost
Lisa M. Swisher	12/2/1999	S.F.	1,646	\$1.00	\$3.90	\$6,419
Anthony & Susan Liefeld-Tresslet	11/27/1999	S.F.	1,650	\$1.00	\$3.90	\$6,435
Horace W. and Larelda M. Lowery	10/13/1999	S.F.	2,360	\$1.00	\$3.90	\$9,204
Ronald J. and Annette Fischer	10/1/1999	S.F.	2,437	\$1.00	\$3.90	\$9,504
Lawrence and Julia VanDyke	8/23/1999	S.F.	3,345	\$1.00	\$3.90	\$13,046
Andrew O and Verna E. Friedrich	8/23/1999	S.F.	5,250	\$1.00	\$3.90	\$20,475
Robert and Nancy R. Perry	9/9/1999	S.F.	2,147	\$1.00	\$3.90	\$8,373
Pomeroy Partnership	9/16/1999	S.F.	5,912	\$1.00	\$3.90	\$23,057
James W. and Dorothy M. Anderson	12/8/1999	S.F.	8,538	\$751.00	\$3.90	\$33,298
Alton L. and Mae W. Crothers	1/20/2000	S.F.	4,503	\$1.00	\$3.90	\$17,562
<b>Total Cost for Easements for Phase I - Village of Pomeroy (North)</b>				<b>\$771.00</b>		<b>\$238,930</b>

**Phase 1B - Village of Pomeroy (South)**

William C and Michelle C. White	1/3/2002	S.F.	8,171	\$3,946.00	\$3.90	\$31,867
<b>Total Cost for Easements for Phase I - Village of Pomeroy (South)</b>				<b>\$3,946.00</b>		<b>\$31,867</b>

**Phase 2A - Springview Manor & South Bonsall School Road**

Herman & Dorothy Iglesias	7/27/2005	S.F.	26,910	\$1.00	\$3.90	\$104,949
George K. Sr., and Ruth Ann Whisler	7/19/2006	S.F.		\$3,946.00	\$3.90	\$31,867
Eugene J. and Ann M. Lafferty	4/4/2006	S.F.	3,750	\$1.00	\$3.90	\$14,625
George C. and Sandra J. Devine	5/4/2006	S.F.	2,754	\$1.00	\$3.90	\$10,741
Michael H. and Denise D. Gallimore	5/7/2005	S.F.	2,596	\$1.00	\$3.90	\$10,124
William J. and Beverly K Murray	4/25/2005	S.F.	2,692	\$1.00	\$3.90	\$10,499
Stanly M and Catherine E Kryzanasuskas	4/27/2005	S.F.	2,500	\$1.00	\$3.90	\$9,750
Craig M and Teresa A. Pappas	4/21/2005	S.F.	2,500	\$1.00	\$3.90	\$9,750
Anthony and Sherry Romasco	5/12/2005	S.F.	2,500	\$1.00	\$3.90	\$9,750
Lark and Theresa Kemper	5/12/2005	S.F.	2,500	\$1.00	\$3.90	\$9,750
Robert and Emily Harkins	11/21/2005	S.F.	401	\$1.00	\$3.90	\$1,564
Frank Geissler	12/15/2004	S.F.	11,643	\$1.00	\$3.90	\$45,408
Scott Longacre and Patricia Lynn Chambers	5/12/2005	S.F.	2,906	\$1.00	\$3.90	\$11,333
Joseph M, III and Deborah A. Matoni	5/6/2005	S.F.	2,405	\$1.00	\$3.90	\$9,380
Kenneth Allen & Cheryl Ann Davis	4/29/2005	S.F.	400	\$1.00	\$3.90	\$1,560
Harry R Firestone	5/11/2005	S.F.	400	\$1.00	\$3.90	\$1,560
John Trego, Sr.	11/15/2005	S.F.	2,500	\$1.00	\$3.90	\$9,750
H. Brooke Luey	5/12/2005	S.F.	2,506	\$1.00	\$3.90	\$9,773
Franz Geissler	12/15/2004	S.F.	9,176	\$1.00	\$3.90	\$35,786
Richard A and Rose A. Whitman	5/11/2005	S.F.	6,299	\$1.00	\$3.90	\$24,566
Bonnie L. and James A. Grannells	5/3/2005	S.F.	3,891	\$1.00	\$3.90	\$15,175
Thomas J. Stoltzfus	5/4/2005	S.F.	5,257	\$1.00	\$3.90	\$20,502
Heather M. Johnson	5/12/2005	S.F.	7,327	\$1.00	\$3.90	\$28,575
James G and Jane D. Roper	5/2/2005	S.F.	9,657	\$1.00	\$3.90	\$37,662
Charles L. Witherspoon	5/3/2005	S.F.	12,314	\$1.00	\$3.90	\$48,025
Thomas D. and Patricia J. Hines	5/2/2005	S.F.	5,294	\$1.00	\$3.90	\$20,647

**Sadsbury Township**  
**Income Approach**  
*Estimated Reproduction Cost of Rights of Way*

**SCHEDULE: G**

Grantor	Date	Unit	Qty	Original Cost	Est. 2017 Cost per SF	Estimated 2017 Cost
<b>Total Cost for Easements for Phase 2A - Springview Manor &amp; South Bonsall School Road</b>				\$3,071,000		\$3,071,000

**Phase 2B - Village of Sadsburyville**

John H Lymberis and Fotios & Yiota L. Petropoulos	6/15/2004	S.F.	8,291	\$1.00	\$3.90	\$32,335
Sadsbury Associates, L.P.	6/22/2004	S.F.	637,891	\$1.00	\$3.90	\$2,487,775
Sadsburyville Volunteer Fire Company	12/22/2004	S.F.	4,620	\$1.00	\$3.90	\$18,018
Sadsburyville Volunteer Fire Company	12/28/2004	S.F.	6,129	\$1.00	\$3.90	\$23,903
John H Lymberis	7/1/2008	S.F.	3,324	\$1.00	\$3.90	\$12,964
Thomas R. and Nancy J. Greenfield	6/10/2008	S.F.	1,820	\$1.00	\$3.90	\$7,098
Christopher G. and Heather A. Hershey	6/10/2008	S.F.	1,114	\$1.00	\$3.90	\$4,345
John W. and Kathleen A. Coldren	5/29/2008	S.F.	1,731	\$1.00	\$3.90	\$6,751
<b>Total Cost for Easements for Phase 2B - Village of Sadsburyville</b>				\$8,000		\$2,531,188

**Phase 3A - Pomeroy Heights (Washington Lane & Lincoln Avenue)**

Charles N Burnett, Jr. and Michael R. Short	Dec-04	S.F.	5,400 +/-	\$0.00	\$3.90	\$21,060
Angela M Martin	Dec-04	S.F.	1,875 +/-	\$0.00	\$3.90	\$7,313
Bakari & Jennifer L Green	Dec-04	S.F.	1,875 +/-	\$0.00	\$3.90	\$7,313
<b>Total Cost for Easements for Phase 3A - Pomeroy Heights - Washington Lane &amp; Lincoln Avenue</b>				\$0.00		\$35,686

**Phase 3B - Pomeroy Heights (Reel Street)**

Cosmos Development Company	2/5/2003	S.F.	3,062	\$1.00	\$3.90	\$11,942
<b>Total Cost for Easements for Phase 3B - Pomeroy Heights - Reel Street</b>				\$0.00		\$11,942

**Phase 3B - Pomeroy Heights (North Street & Stove Pipe Hill Road)**

Raymond Jr. & Camilla A. Berkey	7/24/2008	S.F.	355	\$1.00	\$3.90	\$1,385
Harmun Development	9/19/2008	S.F.	1,550	\$1.00	\$3.90	\$6,045
Eric J. Marcella	9/29/2008	S.F.	474	\$1.00	\$3.90	\$1,849
<b>Total Cost for Easements for Phase 3B - Pomeroy Heights - North Street &amp; Stove Pipe Hill Road</b>				\$0.00		\$9,279

**Phase 4 - Valley Road**

Ann B. McGrail	4/7/2010	S.F.	7,348	\$1.00	\$3.90	\$28,657
Chong Yin & Xiquin Quin	4/7/2010	S.F.	16,588	\$1.00	\$3.90	\$64,693
Steven and Rosemarie Crandall	8/2/2010	S.F.	21,015	\$1.00	\$3.90	\$81,959
Ralph T. & Betty J. Garris	3/14/2010	S.F.	2,074	\$1.00	\$3.90	\$8,089
Ralph T. & Betty J. Garris	3/14/2010	S.F.	3,001	\$1.00	\$3.90	\$11,704

**Sadsbury Township****SCHEDULE: G****Income Approach***Estimated Reproduction Cost of Rights of Way*

Grantor	Date	Unit	Qty	Original Cost	Est. 2017 Cost per SF	Estimated 2017 Cost
Ralph T. & Betty J. Garris	3/14/2010	S.F.	215	\$1.00	\$3.90	\$839
Ralph T. & Betty J. Garris	3/14/2010	S.F.	4,643	\$1.00	\$3.90	\$18,108
Michael F. and Aliah M. Kinney	1/29/2010	S.F.	1,250	\$1.00	\$3.90	\$4,875
Wilbur N. and Alice V. Marsh	1/19/2010	S.F.	2,500	\$1.00	\$3.90	\$9,750
Christopher and Kathleen Bowser	7/27/2010	S.F.	2,840	\$1.00	\$3.90	\$11,076
Robert P. & Victoria G. Nunemaker	4/29/2010	S.F.	1,878	\$1.00	\$3.90	\$7,324
Lynn J. Hannaway	1/15/2010	S.F.	12,557	\$1.00	\$3.90	\$48,972
Valley East Properties, LLC	3/12/2010	S.F.	23,212	\$1.00	\$3.90	\$90,527
<b>Total Cost for Easements for Phase 4 - Valley Road</b>				<b>\$13.00</b>		<b>\$386,572</b>

**Quarry Ridge**

Cosmos Development Company	12/7/2004	S.F.	23,122	\$1.00	\$3.90	\$90,176
<b>Total Cost for Easements for Quarry Ridge</b>				<b>\$1.00</b>		<b>\$90,176</b>

**Sadsbury Village**

Sadsbury Associates, L.P.	9/19/2006	S.F.	38,323	\$1.00	\$3.90	\$149,460
<b>Total Cost for Easements for Sadsbury Village</b>				<b>\$1.00</b>		<b>\$149,460</b>

**Octorara Glen**

Octorara Glen Community Assoc.	10/7/2008	S.F.	6,036	\$1.00	\$3.90	\$23,540
<b>Total Cost for Easements for Octorara Glen</b>				<b>\$1.00</b>		<b>\$23,540</b>

**Cowan Estates**

Cosmos Properties, L.P.	10/24/2014	S.F.	31,886	\$1.00	\$3.90	\$124,355
<b>Total Cost for Easements for Cowan Estates</b>				<b>\$1.00</b>		<b>\$124,355</b>

<b>Estimated Total Reproduction Cost of Rights of Way</b>	<b>\$666,458</b>
---	------------------

**Sadsbury Township**  
*Future Capital Projects - Next 5 Years*

**SCHEDULE: H**

Project	2017	2018	2019	2020	2021	Total
Replacement of Pumps at Stottsville Pumping Station	\$ 16,500	\$ -	\$ -	\$ -	\$ -	\$ 16,500
Cowan Estates	-	41,009	41,009	-	-	\$ 82,018
<b>Totals:</b>	<b>\$ 16,500</b>	<b>\$ 41,009</b>	<b>\$ 41,009</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 98,518</b>



**EXHIBIT 1**

**ENGINEER'S ASSESSMENT – LIST OF ASSETS  
AND ORIGINAL COSTS**

# **Exhibit 1**

## **Assets Inventory**

*Consulting Engineers & Surveyors, Inc.*  
*Original Cost Tabulation*

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017  
REVISED FEBRUARY 14, 2017**

**PREPARED FOR THE**

**BOARD OF SUPERVISORS  
SADSBURY TOWNSHIP  
2920 LINCOLN HIGHWAY  
P.O. BOX 261  
SADSBURYVILLE, PA 19369**

**&**

**PENNSYLVANIA AMERICAN WATER COMPANY  
100 CHESHIRE COURT, SUITE 104  
COATESVILLE, PA 19320**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017  
REVISED FEBRUARY 14, 2017**

**PREPARED FOR THE**

**BOARD OF SUPERVISORS  
SADSBURY TOWNSHIP  
2920 LINCOLN HIGHWAY  
P.O. BOX 261  
SADSBURYVILLE, PA 19369**

**&**

**PENNSYLVANIA AMERICAN WATER COMPANY  
100 CHESHIRE COURT, SUITE 104  
COATESVILLE, PA 19320**

**PREPARED BY**

**JAMES W. MACCOMBIE, P.E., P.L.S.  
SADSBURY TOWNSHIP ENGINEER  
HERBERT E. MACCOMBIE, JR., P.E.  
CONSULTING ENGINEERS & SURVEYORS, INC.  
P.O. BOX 118  
BROOMALL, PA 19008**

**610-356-9550**

**[HEM.ENGINEERS@VERIZON.NET](mailto:HEM.ENGINEERS@VERIZON.NET)**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**TABLE OF CONTENTS**

**SECTION 1**

**EXECUTIVE SUMMARY**

BACKGROUND	1-1
OVERVIEW OF TOWNSHIP FACILITIES	1-2
OVERVIEW OF STUDY TECHNIQUES	1-6
SUMMARY OF ORIGINAL COST	1-8

**SECTION 2**

**ORIGINAL COST**

SUMMARY NON-DEPRECIABLE PLANT	2-1
SUMMARY DEPRECIABLE PLANT	2-2
ACCOUNT 353 – LAND/LAND RIGHTS	2-3
ACCOUNT 354 – STRUCTURES	2-13
ACCOUNT 355 – POWER GENERATING EQUIPMENT	2-14
ACCOUNT 360 – COLLECTION MAINS & ACCESSORIES – FORCE	2-14
ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES – GRAVITY	2-15
ACCOUNT 363 – SERVICES	2-26
ACCOUNT 363 – FLOW METERS	2-31
ACCOUNT 371 – PUMPING EQUIPMENT	2-31

APPENDIX A	EASEMENTS & RIGHTS-OF-WAY
APPENDIX B	PAYMENT RELEASE CERTIFICATES AND ESTIMATES
APPENDIX C	COST ESTIMATES FOR SEWERS NOT YET DEDICATED
APPENDIX D	AMTRAK LICENSE AGREEMENT – SSC SEWER CROSSING MILEPOST 42.8
APPENDIX E	AMTRAK LICENSE AGREEMENT – PHASE 3B NORTH STREET
APPENDIX F	CURRICULUM VITAE FOR JAMES W. MAC COMBIE, P.E., P.L.S.
APPENDIX G	PROPERTIES WITH TAPPING FEES PAID BUT NOT CONNECTED
APPENDIX H	SADSBURY TOWNSHIP MAP OF SANITARY SEWERS SADSBURY SEWER SERVICE AREA MAP
APPENDIX I	SADSBURY TOWNSHIP CUSTOMER ACCOUNT SPREADSHEET

**SECTION 1**  
**EXECUTIVE SUMMARY**  
**FOR THE**  
**SANITARY SEWER SYSTEM**  
**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

## **BACKGROUND**

Sadsbury Township ("Township") provides sanitary sewer service to customers located in a portion of Sadsbury Township, Chester County, Pennsylvania. The Township began providing sanitary sewer service to residents and business of the Township in 1999 after the construction of a sanitary sewer collection and conveyance trunk line through the eastern portion of the Township. Sadsbury Township's population as determined by the 2010 census was 3,570 residents. The population was estimated at 3,729 residents in 2015 by the Delaware Valley Regional Planning Commission's "*Regional and County Population Forecast 2015-2040*." Based upon the latest records used for billing the Sadsbury Sanitary Sewer System has a total of 998 customers. Included in that number are 14 residences, which are not connected to the system but have sewer available to them. Sadsbury Township has Nine Hundred and Forty-Eight (948) residential customers, of which 240 are on private wells. Sadsbury Township has Forty-Eight (48) commercial customers, of which 11 are on private wells. One of the commercial customers on a private well is the Lincoln Crest Mobile Home Park. There are two customers on the Township billing records, which were not classified as either commercial or residential.

The Township and Pennsylvania American Water Company ("PAWC") have commissioned a study to develop an assessment of Tangible Assets including, but not limited to the following:

- An inventory of the used and useful utility plant assets, compiled by year and account.
- Separately identify any utility plant that is being held for future use.
- A list of all non-depreciable property, such as land and rights-of-way.

The inventory was developed from available records, maps, work orders, debt issue closing documents for the funding of construction projects, and other sources to ensure an accurate listing of utility plant inventory by utility account. The results of the study are set forth herein.

## **OVERVIEW OF SADBURY TOWNSHIP SANITARY SEWER FACILITIES**

The Sadsbury Township Sanitary Sewer System is comprised of the service area within the Township. In order to make the implementation of sanitary sewer service more economically feasible to the residents the 1998 Act 537 revision to the Official Sewage Facilities Plan for Sadsbury Township presented a phased approach consisting of four phased areas with several sub-phases. The four phases included:

### **1. Pomeroy Area**

**Phase 1A**      Completed December 2000  
The area North of Valley Road, South of the Amtrak/Conrail Railroad from Buck Run East to the Township Line.

**Phase 1B**      Completed August 2005  
The area South of Valley Road from Buck Run East to the Township Line.

### **2. Sadsburyville Area**

**Phase 2A**      Completed December 2007  
The area North of the U.S. Route 30 Bypass, East to the Township Line.

**Phase 2B**      Completed December 2004 & July 2009  
The area South of the U.S. Route 30 Bypass to a point South of Business Route 30, from Morris Lane West to Octorara Road.

### **3. Pomeroy Heights Area**

**Phase 3A**      Completed August 2005  
The area including Washington Lane, Lincoln Avenue and those properties along Old Wilmington Road North of Washington Lane to a point just North of Lincoln Avenue.

**Phase 3B**      Completed July 2009  
The area South of Washington Lane extending to the North side of the Amtrak/Conrail Railroad, West to Old Wilmington Road.

#### 4. Area West of Pomeroy

Phase 4      Completed September 2011  
West of Buck Run in close proximity to Valley Road west to  
Shamrock Drive.

The connection of the four phased areas was made possible by the construction of Sadsbury Sewer Corporation (SSC) Collection and Conveyance System, Main Interceptor, Pump Station and Force Main. SSC was a private group of investors formed to develop a sewer collection system to serve a number of large properties East of the Buck Run. After much deliberation between the representatives of SSC and Sadsbury Township, the alignment of the SSC Collection and Conveyance System, Main Interceptor, Pump Station and Force Main was determined. The SSC collection and conveyance system consisted of two trunk lines. The Easterly trunk provides sewer service to an area comprised predominantly of industrial lands primarily in the easterly portion of the Township. The line generally runs south along Old Wilmington Road and Southwesterly along Quarry Road. The Westerly trunk line provides sewer service to the Sadsburyville area and runs southwesterly along the East side of the Buck Run. The two trunk lines are connected to the Main Interceptor, which generally follows the Buck Run beginning in the vicinity of the intersection of Greenbelt Drive and Quarry Road. The interceptor extends southward, crossing under the Amtrak/Conrail Railroad tracks into the Bert Reel Park. The line continues through the park turning east towards Old Wilmington Road then continuing south generally along Old Wilmington Road and Valley Road through easements. The interceptor crosses Valley Road near Timicula Road and connects with the Main Pump Station along the southwesterly side of Timicula Road south of Valley Road. The Main Pump Station situated known as the "Stottsville Pump Station" has two alternating pumps with a rated capacity of 700 GPM each. From the pump station, a force main extends northeasterly through easements and within road rights-of-way to the discharge point in the Pennsylvania American Parkesburg Interceptor at a gravity manhole located within the cartway of Valley Road near Newport Road. An additional gravity sewer is located along Olive Alley and Penn Street and is connected to a Pennsylvania American trunk line within Valley Road just east of the Sadsbury Township-Valley Township Boundary Line. Sewage generated from the Sadsbury Township Sewer Service Area is treated at the Pennsylvania American Water Coatesville Wastewater Treatment Plant.

In addition to the four phases of the service area completed by the Township to serve the existing residences, several residential developments have been completed and sanitary sewers dedicated to the Township. They include:

1. **Lincoln Crest**      The Lincoln Crest development contains approximately 125 units, which are largely mobile homes. The development is located along the northerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville portion of the service area. The collection system is private with a single point of entry to the westerly SSC trunk line along the northerly side of Business Route 30.
2. **Quarry Ridge**      The Quarry Ridge Development contains approximately 158 detached single family homes and is located along the westerly side of Old Wilmington Road and the southerly side of Quarry Road. The development has a gravity sewer system which connects to the easterly SSC trunk line within the cartway of Quarry Road.
3. **Sadsbury Village**      The Sadsbury Village Development contains approximately 146 attached townhouses and is located along the southerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville section of the Township. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the west of the development.
4. **Octorara Glen**      The Octorara Glen Development contains approximately 43 detached single family homes and is located on the southeasterly side of Octorara Road north of the Buck Run. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the east.
5. **Sadsbury Park**      The Sadsbury Park Development is a multi-phased subdivision and land development currently under construction in the Township. The Development contains a mix of housing types, including detached single family homes and townhouses. The development has been partially completed with 30 detached single family homes and 63 townhouse units of the total 445 approved units. The extensive gravity sewer system has not yet been completed or accepted by the Township. The system drains through easement to the easterly SSC trunk line.

6. Sadsbury Crossing The Sadsbury Crossing Development contains approximately 19 detached single family homes and is located in the southwestern portion of the Township. The development has gravity sewer service which is connected to the Pennsylvania American system through easements to the Borough of Parkesburg collection system.

The flow generated from several commercial and industrial developments is collected in sanitary sewer lines not yet dedicated to the Township. Flow generated from the Bellaire Industrial Park located in the eastern portion of the Township south of Business Route 30 and west of Washington Lane containing approximately 10 commercial and industrial facilities and flows westerly towards Old Wilmington Road from the Industrial Park into the Easterly SSC trunk line. Flow generated from the five (5) light industrial and commercial sites within the Morris Farm Industrial Park is collected in a sanitary sewer system which is not dedicated to the Township and flows south across Business Route 30 into the Bellaire Industrial park system.

The Cowan Estates Development located along the southerly side of Business Route 30 has a capped sewer system. Although the improvements have been dedicated to the Township, the system has not yet been connected to the public sewer conveyance line.

## OVERVIEW OF THE STUDY TECHNIQUES

The study of the original cost of the Township's assets was conducted by completing an inventory of utility plant assets based on the approved final payment requisitions, construction records and other documentation and sources. The records documented the sizes, types and lengths of pipelines and the sizes, types, and quantities of accessories installed. Once the inventory was compiled, based upon the construction phases, the original cost to install the assets was tabulated.

For the purpose of the study asset inventory was prepared to conform to the Uniform System of Accounts for Wastewater Utilities, as prescribed by the National Association of Regulatory Utility Commissioners. Detailed results of the inventory have been tabulated and recorded in the following accounts, as appropriate:

<u>Account No.</u>	<u>Account Title</u>
<u>Non Depreciable Plant</u>	
353	Land / Land Rights
<u>Depreciable Plant</u>	
354	Structures
355	Power Generating Equipment
360.	Collection Mains & Accessories – Force
361	Collection Mains & Accessories – Gravity
363	Services
364	Flow Meters
371	Pumping Equipment
390	Office Furniture & Equipment
391	Transportation Equipment
395	Power Operated Equipment

For the purpose of this study "mass" property consists of Force Mains and accessories (Account 360), Gravity Mains and Accessories (Account 361), Lateral Services and Accessories installed by the Township during the original construction (Account 363) and Flow Meters (Account 364). For Accounts 360 and 361, footages of pipe, by size and type, were determined by reviewing as-built drawings, construction and escrow release records, as well as the Township's annual reports and records. For Account 363, services were installed during the construction of the mains within the Rights-of-Way or Easements.

An inventory of the Stottsville Pump Station was recorded to determine "non-mass" assets and recorded in the appropriate accounts listed above. The Township does not separate asset allocation for Office Furniture and Equipment (Account 390), Transportation Equipment (Account 391), and Power Equipment (Account 395). For the purpose of this study no assets were inventoried in those accounts.

The study does not include any customer sewer laterals from the edge of the rights-of-Way or easements to the individual residences or businesses, any piping or internal fixtures at each of the individual customer's residences or businesses or any meters in individual customer's residences or business who are not provided public water.

## SUMMARY OF ORIGINAL COST

The results of the original cost study established that the original costs of the Township's tangible assets for the Sanitary Sewer System in service as of December 31, 2016 are \$6,841,008.00, as summarized below:

<u>Account No.</u>	<u>Account Title</u>	<u>Original Cost</u>
<u>Non Depreciable Plant</u>		
353	Land / Land Rights	\$ 18,343.00
<u>Depreciable Plant</u>		
354	Structures	\$ 152,560.00
355	Power Generating Equipment	\$ 40,000.00
360	Collection Mains & Accessories – Force	\$ 92,500.00
361	Collection Mains & Accessories – Gravity	\$5,668,395.00
363	Services	\$ 546,316.00
364	Flow Meters	\$ 98,731.00
371	Pumping Equipment	\$ 225,000.00
390	Office Furniture & Equipment	\$ 0.00
391	Transportation Equipment	\$ 0.00
395	Power Operated Equipment	\$ 0.00

Additional detail for each account is provided in Section 2

There are three sewer service areas where sewer have been constructed but not yet dedicated. They include Bellaire Business Center, Morris Farm, and Sadsbury Park. The original costs of the tangible assets for the Sanitary Sewer System not yet dedicated as of December 31, 2016 are \$638,756.00, as summarized below:

361	Collection Mains & Accessories – Gravity	\$ 584,547.00
363	Services	\$ 54,209.00

Additional detail for each account is provided in Appendix C

**SECTION 2**  
**ORIGINAL COST TABULATION**  
**FOR THE**  
**SANITARY SEWER SYSTEM**  
**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

<u>Account No.</u>	<u>Account Title</u>	<u>Original Cost</u>
<u>Non Depreciable Plant</u>		
353	Land / Land Rights	
	1.0 Sadsbury Sewer Corporation	\$ 9,625.00
	2.0 Phase 1A	\$ 21.00
	3.0 Phase 1B	\$ 1.00
	4.0 Phase 2A	\$ 26.00
	5.0 Phase 2B	\$ 8.00
	6.0 Phase 3A	\$ 0.00
	7.0 Phase 3B	\$ 4.00
	8.0 Phase 4	\$ 13.00
	9.0 Sadsbury Crossing	\$ 0.00
	10.0 Quarry Ridge	\$ 1.00
	11.0 Sadsbury Village	\$ 1.00
	12.0 Octorara Glen	\$ 1.00
	13.0 Cowan Estates	\$ 1.00
	14.0 Mast Properties	\$ 1.00
	<b>Total Non Depreciable Plant</b>	<b>\$ 18,343.00</b>

Depreciable Plant

354	Structures		
	1.0	SSC - Stottsville Pump Station	\$ 152,560.00
355	Power Generating Equipment		
	1.0	SSC - Stottsville Pump Station	\$ 40,000.00
360	Collection Mains & Accessories – Force		
	1.0	Sadsbury Sewer Corporation	\$ 92,500.00
361	Collection Mains & Accessories – Gravity		
	1.0	Sadsbury Sewer Corporation	\$ 943,242.00
	2.0	Phase 1A	\$ 663,225.00
	3.0	Phase 1B	\$ 191,765.00
	4.0	Phase 2A	\$1,241,579.00
	5.0	Phase 2B	\$ 147,024.00
	6.0	Phase 3A	\$ 974,633.00
	7.0	Phase 3B	\$ 324,495.00
	8.0	Phase 4	\$ 429,237.00
	9.0	Sadsbury Crossing	\$ 37,640.00
	10.0	Quarry Ridge	\$ 335,259.00
	11.0	Sadsbury Village	\$ 166,975.00
	12.0	Octorara Glen	\$ 127,869.00
	13.0	Cowan Estates	\$ 85,452.00
363	Services		
	2.0	Phase 1A	\$ 47,812.00
	3.0	Phase 1B	\$ 19,410.00
	4.0	Phase 2A	\$ 44,007.00
	5.0	Phase 2B	\$ 18,963.00
	6.0	Phase 3A	\$ 128,340.00
	7.0	Phase 3B	\$ 32,422.00
	8.0	Phase 4	\$ 37,010.00
	9.0	Sadsbury Crossing	\$ 14,261.00
	10.0	Quarry Ridge	\$ 78,885.00
	11.0	Sadsbury Village	\$ 87,600.00
	12.0	Octorara Glen	\$ 29,686.00
	13.0	Cowan Estates	\$ 7,920.00
364	Flow Meters		
	1.0	Stottsville Pump Station	\$ 98,731.00
371	Pumping Equipment		
	1.0	Stottsville Pump Station	\$ 225,000.00
390	Office Furniture & Equipment		
			\$ 0.00
391	Transportation Equipment		
			\$ 0.00
395	Power Operated Equipment		
			\$ 0.00
	<b>Total Depreciable Plant</b>		<b><u>\$6,823,502.00</u></b>
	<b>Total Plant</b>		<b>\$6,841,845.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 353 – LAND / LAND RIGHTS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**EASEMENTS**

**SADSBURY SEWER CORPORATION**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
JYF PARTNERS UPI 37-2Q-2	8/4/1999	S.F.	12,522.06	\$1.00
HARRY & ATHENA LYMBERIS UPI 37-2-42	7/30/1999	S.F.	2,557.06	\$1.00
JYF PARTNERS UPI 37-2-43	7/30/1999	S.F.	4,089.60	\$1.00
LAWRENCE VANDYKE & RANDA LEAMY UPI 37-2-45.2	9/3/1999	S.F.	3,008.85	\$1.00
ALBERT RUSSELL SCHAIBLE UPI 37-2-45	7/28/1999	S.F.	3,460.09	\$1.00
ALBERT RUSSELL SCHAIBLE UPI 37-2-46	7/28/1999	S.F.	647.13	\$1.00
JYF PARTNERS UPI 37-2-47	7/30/1999	S.F.	11,805.95	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-48	9/16/1999	S.F.	881.94	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-50.2	9/16/1999	S.F.	1,845.95	\$1.00
HERMAN & DOROTHY IGLESIAS UPI 37-2-49	9/16/1999	S.F.	5,631.64	\$1.00
JYF PARTNERS UPI 37-2-50.1	7/30/1999	S.F.	1,415.51	\$1.00
SADSBURY ASSOCIATES, L.P. UPI 37-4-40	8/19/1999	S.F.	12,332.35	\$1.00
FRANK WICK UPI 37-4-39.1	8/4/1999	S.F.	12,978.00	\$1.00
SADSBURY TOWNSHIP UPI 37-4-37.1E	9/23/1999	S.F.	52,619.71	\$1.00
AIM DEVELOPMENT CORPORATION UPI 37-4-56	7/28/1999	S.F.	5,660.43	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
AIM DEVELOPMENT CORPORATION UPI 37-4-41	7/28/1999	S.F.	13,966.58	\$1.00
AIM DEVELOPMENT CORPORATION UPI 37-4-46	7/28/1999	S.F.	15.65	\$1.00
COSMOS DEVELOPMENT COMPANY UPI 37-2-53	9/19/1999	S.F.	862.81	\$1.00
PENGUIN INDUSTRIES UPI 37-4-44E	7/18/1999	S.F.	2,136.68 762.27	\$1.00
SADSBURY TOWNSHIP UPI 37-4-44.1E	9/23/1999	S.F.	24,468.41	\$1.00
SADSBURY TOWNSHIP UPI 37-4-42E	9/23/1999	S.F.	7,565.50 385.78	\$1.00
SADSBURY TOWNSHIP UPI 37-4-43E	9/23/1999	S.F.	4,049.81	\$1.00
SADSBURY TOWNSHIP UPI 37-4-94E	9/23/1999	S.F.	18,645.19	\$1.00
ANN BEATRICE MCGRAIL UPI 37-4-69	7/30/1999	S.F.	28,558.05	\$1.00
ANN BEATRICE MCGRAIL UPI 37-4-101	7/30/1999	S.F.	44,318.32	\$1.00
CIGNATURE HOSPITALITY UPI 37-4-121	9/23/1999	S.F.	12,238.00	\$9,600.00
TOTAL COST FOR EASEMENTS FOR SADSBURY SEWER CORPORATION TRUNK LINES AND INTERCEPTOR PHASE				\$9,625.00

**PHASE 1A - VILLAGE OF POMEROY (NORTH)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
ELMER, JR. AND DOROTHY M. LEAMY UPI 37-4M-21	11/1/1999	S.F.	3,006	\$1.00
RANDY J AND KATHY S. MCCARRAHER UPI 37-4M-26	9/1/1999	S.F.	1,804	\$1.00
THOMAS ROMINGER UPI 37-4M-31	12/11/1999	S.F.	522	\$1.00
MICHAEL J. AND PHYLLIS C. LOFTUS UPI 37-4M-36 & 37-4M-36.1	12/3/1999	S.F.	3,006	\$1.00
FRANK WOLFE UPI 37-4M-37	9/13/1999	S.F.	3,125	\$1.00
JOHN D. WARMIAK, III UPI 37-4M-40	12/11/1999	S.F.	450	\$1.00
CHARLES F. AND DOROTHY L. GAY UPI 37-4M-44 & 37-4M-44.1	9/1/1999	S.F.	1,500	\$1.00
VERNA E. FRIEDRICH UPI 37-4H-69	10/29/1999	S.F.	3,125	\$1.00
RICHARD F. AND LINDA E. ARNER UPI 37-4M-49	9/3/1999	S.F.	1,881	\$1.00
JOSEPH L. & TERRY L. DISCIULIO UPI 37-4-101	9/16/1999	S.F.	2,435	\$1.00
ANDREW AND LEONA E. ZVODAR UPI 37-4H-70	9/9/1999	S.F.	1,522	\$1.00
LISA M. SWISHER UPI 37-4L-36	12/2/1999	S.F.	1,646	\$1.00
ANTHONY & SUSAN LIEFIELD-TRESSLET UPI 37-4L-37	11/27/1999	S.F.	1,650	\$1.00
HORACE W. AND LARELDA M. LOWERY UPI 37-4L-41	10/13/1999	S.F.	2,360	\$1.00
RONALD J. AND ANNETTE FISCHER UPI 37-4L-53	10/1/1999	S.F.	2,437	\$1.00
LAWRENCE AND JULIA VANDYKE UPI 37-4L-11	8/23/1999	S.F.	3,345	\$1.00
ANDREW O AND VERA E. FRIEDRICH UPI 37-4M-45	8/23/1999	S.F.	5,250	\$1.00
ROBERT AND NANCY R. PERRY UPI 37-4M-54	9/9/1999	S.F.	2,147	\$1.00
POMEROY PARTNERSHIP UPI 37-4L-50	9/16/1999	S.F.	5,912	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
JAMES W. AND DOROTHY M. ANDERSON UPI 37-4L-62.1 \$1.00 + 15' OF LATERAL	12/8/1999	S.F.	8,538	\$751.00
ALTON L. AND MAE W. CROTHERS UPI 37-4L-54 UPI 37-4L-54 UPI 37-4L-57.1 UPI 37-4L-58	1/20/2000	S.F.	4,503	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 1 – VILLAGE OF POMEROY (NORTH)				\$771.00

**PHASE 1B – VILLAGE OF POMEROY (SOUTH)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
WILLIAM C AND MICHELLE C. WHITE UPI 37-4-105.1 \$1.00 + TAPPING FEE + 30' OF LATERAL	1/3/2002	S.F.	8,171	\$3,946.00
TOTAL COST FOR EASEMENTS FOR PHASE 1 – VILLAGE OF POMEROY (SOUTH)				\$3,946.00

**PHASE 2A – SPRINGVIEW MANOR & SOUTH BONSALE SCHOOL ROAD**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
HERMAN & DOROTHY IGLESIAS UPI 37-2-48 & 37-2-50.1	7/27/2005	S.F.	26,910	\$1.00
GEORGE K. SR., AND RUTH ANN WHISLER UPI 37-2-32 \$1.00 + TAPPING FEE + 30' OF LATERAL	7/19/2006	S.F.		\$3,946.00
EUGENE J. AND ANN M. LAFFERTY UPI 37-2-20	4/4/2006	S.F.	3,750	\$1.00
GEORGE C. AND SANDRA J. DEVINE UPI 37-2-29.4	5/4/2006	S.F.	2,754	\$1.00
MICHAEL H. AND DENISE D. GALLIMORE UPI 37-2-29.5	5/7/2005	S.F.	2,596	\$1.00
WILLIAM J. AND BEVERLY K MURRAY UPI 37-2-29.8	4/25/2005	S.F.	2,692	\$1.00
STANLY M AND CATHERINE E KRYZANAUSKAS UPI 37-2-29.2	4/27/2005	S.F.	2,500	\$1.00
CRAIG M AND TERESA A. PAPPAS UPI 37-2-29.10	4/21/2005	S.F.	2,500	\$1.00
ANTHONY AND SHERRY ROMASCO UPI 37-2-29.3	5/12/2005	S.F.	2,500	\$1.00
LARK AND THERESA KEMPER UPI 37-2-29.11	5/12/2005	S.F.	2,500	\$1.00
ROBERT AND EMILY HARKINS UPI 37-2-29.6	11/21/2005	S.F.	401	\$1.00
FRANK GEISSLER UPI 37-2-29.9	12/15/2004	S.F.	11,643	\$1.00
SCOTT LONGACRE AND PATRICIA LYNN CHAMBERS UPI 37-2-29.23	5/12/2005	S.F.	2,906	\$1.00
JOSEPH M, III AND DEBORAH A. MATONI UPI 37-2-29.24	5/6/2005	S.F.	2,405	\$1.00
KENNETH ALLEN & CHERYL ANN DAVIS UPI 37-2-29.25	4/29/2005	S.F.	400	\$1.00
HARRY R FIRESTONE UPI 37-2-29.12	5/11/2005	S.F.	400	\$1.00
JOHN TREGO, SR. UPI 37-2-29.13	11/15/2005	S.F.	2,500	\$1.00
H. BROOKE LUEY UPI 37-2-29.14	5/12/2005	S.F.	2,506	\$1.00
FRANZ GEISSLER UPI 37-2-29	12/15/2004	S.F.	9,176	\$1.00

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RICHARD A AND ROSE A. WHITMAN UPI 37-2-29.15	5/11/2005	S.F.	6,299	\$1.00
BONNIE L. AND JAMES A. GRANNELLS UPI 37-2-29.16	5/3/2005	S.F.	3,891	\$1.00
THOMAS J. STOLTZFUS UPI 37-2-29.16	5/4/2005	S.F.	5,257	\$1.00
BESSIE M. JOHNSON UPI 37-2-29.16	5/12/2005	S.F.	7,327	\$1.00
JAMES G AND JANE D. ROPER UPI 37-2-29.20	5/2/2005	S.F.	9,657	\$1.00
CHARLES L. WITHERSPOON UPI 37-2-29.19	5/3/2005	S.F.	12,314	\$1.00
THOMAS D. AND PATRICIA J. HINES UPI 37-2-29.18	5/2/2005	S.F.	5,294	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 2A – SPRINGVIEW MANOR & SOUTH BONSALE SCHOOL ROAD				\$3,971.00

**PHASE 2B – VILLAGE OF SADBURYVILLE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
JOHN H LYMBERIS AND FOTIOS & YIOTA L. PETROPOULOS UPI 37-2Q-30	6/15/2004	S.F.	8,291	\$1.00
SADBURY ASSOCIATES, L.P. UPI 37-4-40	6/22/2004	S.F.	637891	\$1.00
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-4-55	12/22/2004	S.F.	4,620	\$1.00
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-2Q-44 & 37-4C-11.1	12/28/2004	S.F.	6,129	\$1.00
JOHN H LYMBERIS UPI 37-2Q-13	7/1/2008	S.F.	3,324	\$1.00
THOMAS R. AND NANCY J. GREENFIELD UPI 37-2Q-12	6/10/2008	S.F.	1,820	\$1.00
CHRISTOPHER G. AND HEATHER A. HERSHEY UPI 37-2Q-11	6/10/2008	S.F.	1,114	\$1.00
JOHN W. AND KATHLEEN A. COLDREN UPI 37-2Q-10	5/29/08	S.F.	1,731	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 2B – VILLAGE OF SADBURYVILLE				\$8.00

**PHASE 3A – POMEROY HEIGHTS (WASHINGTON LANE & LINCOLN AVENUE)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
CHARLES N BURNETT, JR. AND MICHAEL R. SHORT (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-139	12/2004	S.F.	5,400 +/-	\$0.00
ANGELA M MARTIN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.96	12/2004	S.F.	1,875 +/-	\$0.00
BAKARI & JENNIFER L GREEN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.95	12/2004	S.F.	1,875 +/-	\$0.00
TOTAL COST FOR EASEMENTS FOR PHASE 3 – POMEROY HEIGHTS – WASHINGTON LANE & LINCOLN AVENUE				\$0.00

**PHASE 3B – POMEROY HEIGHTS (REEL STREET)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS DEVELOPMENT COMPANY UPI 37-4-165 UPI 37-4-166	2/5/2003	S.F.	3,062	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 3B – POMEROY HEIGHTS – REEL STREET				\$1.00

**PHASE 3B – POMEROY HEIGHTS (NORTH STREET & STOVE PIPE HILL ROAD)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RAYMOND JR. & CAMILLA A. BERKEY UPI 37-4G-35	7/24/2008	S.F.	355	\$1.00
HARMUN DEVELOPMENT UPI 37-4G-36	9/19/2008	S.F.	1,550	\$1.00
ERIC J. MARCELLA UPI 37-4G-37	9/29/2008	S.F.	474	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 3B – POMEROY HEIGHTS – NORTH STREET & STOVE PIPE HILL ROAD				\$3.00

**PHASE 4 – VALLEY ROAD**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
ANN B. MCGRAIL UPI 37-4-69	4/7/2010	S.F.	7,348	\$1.00
ZOUHONG YIN & XIQUIN QUIN UPI 37-4-88	4/7/2010	S.F.	16,588	\$1.00
STEVEN AND ROSEMARIE CRANDALL UPI 37-4-88.1	8/2/2010	S.F.	21,015	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-82	3/14/2010	S.F.	2,074	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-81	3/14/2010	S.F.	3,001	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-80.1	3/14/2010	S.F.	215	\$1.00
RALPH T. & BETTY J. GARRIS UPI 37-4-80	3/14/2010	S.F.	4,643	\$1.00
MICHAEL F. AND ALIAH M. KINNEY UPI 37-4-78	1/29/2010	S.F.	1,250	\$1.00
WILBUR N. AND ALICE V. MARSH UPI 37-4-77	1/19/2010	S.F.	2,500	\$1.00
CHRISTOPHER AND KATHLEEN BOWSER UPI 37-4-86	7/27/2010	S.F.	2,840	\$1.00
ROBERT P. & VICTORIA G. NUNEMAKER UPI 37-4-85	4/29/2010	S.F.	1,878	\$1.00
LYNN J. HANNAWAY UPI 37-4-69.4	1/15/2010	S.F.	12,557	\$1.00
VALLEY EAST PROPERTIES, LLC UPI 37-4-69.1	3/12/2010	S.F.	23,212	\$1.00
TOTAL COST FOR EASEMENTS FOR PHASE 4 – VALLEY ROAD				\$13.00

**SADSBURY CROSSING (CARR SUBDIVISION)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
DAVID J CARR SR. UPI 37-3-23 UPI 37-3-23.15 UPI 37-3-23.16	9/24/2001	S.F.		\$0.00
TOTAL COST FOR EASEMENTS FOR SADSBURY CROSSING				\$0.00

**QUARRY RIDGE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS DEVELOPMENT COMPANY UPI 37-4-53.39 UPI 37-4-53.41 UPI 37-4-53.78	12/7/2004	S.F.	23,122	\$1.00
TOTAL COST FOR EASEMENTS FOR QUARRY RIDGE				\$1.00

**SADSBURY VILLAGE**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
SADSBURY ASSOCIATES, L.P. UPI 37-4-235	9/19/2006	S.F.	38,323	\$1.00
TOTAL COST FOR EASEMENTS FOR SADSBURY VILLAGE				\$1.00

**OCTORARA GLEN**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
OCTORARA GLEN COMMUNITY ASSOC. UPI 37-4-234	10/7/2008	S.F.	6,036	\$1.00
TOTAL COST FOR EASEMENTS FOR OCTORARA GLEN				\$1.00

**COWAN ESTATES**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>COSMOS PROPERTIES, L.P. UPI 37-4-17.10 UPI 37-4-17.12</b>	<b>10/24/2014</b>	<b>S.F.</b>	<b>31,886</b>	<b>\$1.00</b>
<b>TOTAL COST FOR EASEMENTS FOR COWAN ESTATES</b>				<b>\$1.00</b>

**MAST PROPERTIES**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>HAROLD K. MAST AND DANIEL L. MAST UPI 37-1-26 UPI 37-1-26.1</b>	<b>3/8/2016</b>	<b>S.F.</b>		<b>\$1.00</b>
<b>TOTAL COST FOR EASEMENTS FOR MAST PROPERTIES</b>				<b>\$1.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 354 - STRUCTURES**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC – STOTTSVILLE PUMP STATION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
EROSION & SEDIMENT CONTROL	1999	L.S.	1	\$1,000.00
MAINTENANCE & PROTECTION OF TRAFFIC	1999	L.S.	1	\$2,500.00
ID-2 BITUMINOUS WEARING COURSE	1999	S.Y.	40	\$200.00
BITUMINOUS CONCRETE BASE COURSE	1999	S.Y.	40	\$600.00
2A STONE	1999	S.Y.	50	\$400.00
SITWORK	1999	L.S.	1	\$25,000.00
FENCE	1999	L.F.	285	\$10,260.00
10' DIAMETER WET WELL	1999	L.S.	1	\$75,000.00
SEWAGE WASTE GRINDER	1999	L.S.	1	\$35,000.00
ID-2 WEARING – PENNDOT ROADWAY	1999	S.Y.	40	\$200.00
ID-2 BINDER – PENNDOT ROADWAY	1999	S.Y.	40	\$240.00
BCBC – PENNDOT ROADWAY	1999	S.Y.	40	\$600.00
SEEDING	1999	S.Y.	1,200	\$1,560.00
TOTAL COST ACCOUNT 354 – STRUCTURES STOTTSVILLE PUMP STATION				\$152,560.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 355 -- POWER GENERATING EQUIPMENTS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC -- STOTTSVILLE PUMP STATION**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
135 KW NATURAL GAS GENERATOR	1999	L.S..	1	40,000.00
TOTAL COST ACCOUNT 355 -- POWER GENERATING EQ. STOTTSVILLE PUMP STATION				\$40,000.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 360 -- COLLECTION MAINS & ACCESSORIES - FORCE**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SSC**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
10" SDR-26 PVCP	1999	L.F.	3,400	85,000.00
CONCRETE CLEAN-OUT MANHOLES	1999	EA.	3	7,500.00
TOTAL COST ACCOUNT 360 COLLECTION MAINS & ACCESS. - FORCE SADSBURY SEWER CORPORATION				\$92,500.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES - GRAVITY**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SADSBURY SEWER CORPORATION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
SEGMENT #1 – RR CROSSING TO PUMP STATION				
15" SDR-35 PVCP	1999	L.F.	2,800	\$100,632.00
12" SDR-35 PVCP	1999	L.F.	900	\$34,146.00
12" DIP W/STEEL CASING BORE & JACK	1999	L.F.	349	\$179,433.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	14	\$35,000.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	4	\$10,400.00
SEGMENT #2 – NORTH GREENBELT DR. TO RR CROSSING				
12" SDR-35 PVCP	1999	L.F.	1,650	\$55,250.00
12" DIP W/CONC. ENCASEMENT STREAM CROSSING	1999	L.F.	64	\$6,400.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	4	\$6,400.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	5	\$8,500.00
SEGMENT #3 – WICK PROPERTY TO NORTH GREENBELT DRIVE				
12" SDR-35 PVCP	1999	L.F.	2,150	\$69,574.00
8" SDR-35 PVCP	1999	L.F.	2,800	\$79,408.00
12" DIP W/CONC. ENCASEMENT STREAM CROSSING	1999	L.F.	61	\$6,355.00
8" DIP W/STEEL CASING BORE & JACK	1999	L.F.	164	\$69,240.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	23	\$39,100.00

<b>SEGMENT #4 – OLD WILMINGTON RD. &amp; QUARRY RD.</b>				
10" SDR-35 PVC	1999	L.F.	2,650	\$81,594.00
8" SDR-35 PVC	1999	L.F.	1,000	\$32,790.00
10" DIP W/CONC. ENCASEMENT STREAM CROSSING	1999	L.F.	102	\$7,070.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	16	\$25,600.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	2	\$3,400.00
<b>SEGMENT #5 – NORTH OF BUSINESS ROUTE 30</b>				
8" SDR-35 PVC	1999	L.F.	2,500	\$71,950.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	11	\$17,600.00
CONCRETE MANHOLE W/ WATERTIGHT FRAME & COVER	1999	EA.	2	\$3,400.00
<b>TOTAL COST ACCOUNT 361 COLLECTION MAINS &amp; ACCESS.-GRAVITY SADBURY SEWER CORPORATION</b>				<b>\$943,242.00</b>

**PHASE 1A – VILLAGE OF POMEROY (NORTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC CP – 0-10 FT DEEP	2000	L.F.	5,620	\$403,348.00
8" SDR-35 PVC CP – 10-14 FT DEEP	2000	L.F.	1,681	\$130,731.00
8" SDR-35 PVC CP – OVER 14 FT DEEP	2000	L.F.	559	\$47,946.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-10 FT DEEP	2000	EA.	30	\$51,000.00
CONCRETE MANHOLE W/ FRAME & COVER – 10-14 FT DEEP	2000	EA.	9	\$19,800.00
CONCRETE MANHOLE W/ FRAME & COVER – OVER 14 FT DEEP	2000	EA.	4	\$10,400.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 1A				\$663,225.00

**PHASE 1B – VILLAGE OF POMEROY (SOUTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC CP – 0-8 FT DEEP	2005	L.F.	174	\$16,283.00
8" SDR-35 PVC CP – 8-10 FT DEEP	2005	L.F.	468	\$45,200.00
8" SDR-35 PVC CP – 10-12 FT DEEP	2005	L.F.	639	\$70,022.00
8" SDR-35 PVC CP – 12-14 FT DEEP	2005	L.F.	207	\$25,581.00
8" SDR-35 PVC CP – 14-16 FT DEEP	2005	L.F.	85	\$11,779.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-8 FT DEEP	2005	EA.	4	\$7,200.00
CONCRETE MANHOLE W/ FRAME & COVER – 8-10 FT DEEP	2005	EA.	2	\$4,200.00
CONCRETE MANHOLE W/ FRAME & COVER – 10-12 FT DEEP	2005	EA.	1	\$2,500.00
CONCRETE MANHOLE W/ FRAME & COVER – 14-16 FT DEEP	2005	EA.	2	\$7,000.00
CONCRETE DOGHOUSE MANHOLE W/ FRAME & COVER	2005	EA.	1	\$2,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 1B				\$191,765.00

**PHASE 2A -- VILLAGE OF SADBURYVILLE (NORTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCPC - 0-8 FT DEEP	2007	L.F.	1,299	\$105,609.00
8" SDR-35 PVCPC - 8-10 FT DEEP	2007	L.F.	2,980	\$272,074.00
8" SDR-35 PVCPC - 10-12 FT DEEP	2007	L.F.	1,706	\$172,818.00
8" SDR-35 PVCPC - 12-14 FT DEEP	2007	L.F.	2,073	\$228,652.00
8" SDR-35 PVCPC - 14-16 FT DEEP	2007	L.F.	637	\$81,727.00
8" DIP - 0-8 FT DEEP	2007	L.F.	30	\$3,159.00
8" DIP - 14-16 FT DEEP	2007	L.F.	240	\$33,192.00
8" DIP - OVER 16 FT DEEP	2007	L.F.	175	\$33,828.00
8" DIP W/24" STEEL CASING BORE & JACK - ROUTE 30 BYPASS	2007	L.F.	185	\$191,995.00
CONCRETE MANHOLE W/ FRAME & COVER - 0-8 FT DEEP	2007	EA.	9	\$22,725.00
CONCRETE MANHOLE W/ FRAME & COVER - 8-10 FT DEEP	2007	EA.	12	\$30,000.00
CONCRETE MANHOLE W/ FRAME & COVER - 10-12 FT DEEP	2007	EA.	5	\$13,700.00
CONCRETE MANHOLE W/ FRAME & COVER - 12-14 FT DEEP	2007	EA.	7	\$23,100.00
CONCRETE MANHOLE W/ FRAME & COVER - 14-16 FT DEEP	2007	EA.	5	\$19,000.00
CONCRETE MANHOLE W/ FRAME & COVER - OVER 16 FT DEEP	2007	EA.	2	\$10,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 2A				\$1,241,579.00

**PHASE 2B – VILLAGE OF SADBURYVILLE (SOUTH OF ROUTE 30 BYPASS)**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
8" SDR-35 PVC/P – 0-8 FT DEEP	2009	L.F.	260	\$31,634.00
8" SDR-35 PVC/P – 8-10 FT DEEP	2009	L.F.	766	\$94,540.00
8" SDR-35 PVC/P – 10-12 FT DEEP	2009	L.F.	129	\$9,910.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-8 FT DEEP	2009	EA.	1	\$2,550.00
CONCRETE MANHOLE W/ FRAME & COVER – 8-10 FT DEEP	2009	EA.	2	\$5,340.00
CONCRETE MANHOLE W/ FRAME & COVER – 10-12 FT DEEP	2009	EA.	1	\$3,050.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 2B				\$147,024.00

**PHASE 3A – WASHINGTON LANE AND LINCOLN AVENUE (INCLUDES REEL STREET)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCPC – 0-8 FT DEEP	2005	L.F.	696	\$55,569.00
8" SDR-35 PVCPC – 8-10 FT DEEP	2005	L.F.	4,193	\$347,348.00
8" SDR-35 PVCPC – 10-12 FT DEEP	2005	L.F.	2,097	\$200,977.00
8" SDR-35 PVCPC – 12-14 FT DEEP	2005	L.F.	932	\$102,371.00
8" SDR-35 PVCPC – 14-16 FT DEEP	2005	L.F.	980	\$122,342.00
CONCRETE MANHOLE W/ FRAME & COVER– 0-8 FT DEEP	2005	EA.	7	\$13,800.00
CONCRETE MANHOLE W/ FRAME & COVER– 8-10 FT DEEP	2005	EA.	12	\$31,500.00
CONCRETE MANHOLE W/ FRAME & COVER– 10-12 FT DEEP	2005	EA.	7	\$17,500.00
CONCRETE MANHOLE W/ FRAME & COVER– 12-14 FT DEEP	2005	EA.	3	\$9,000.00
CONCRETE MANHOLE W/ FRAME & COVER– 14-16 FT DEEP	2005	EA.	2	\$7,000.00
CONCRETE MANHOLE W/ FRAME & COVER– OVER 16 FT DEEP	2005	EA.	2	\$8,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3A				\$915,407.00

**PHASE 3A – WASHINGTON LANE EXTENSION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCPC – 6-10 FT DEEP	2009	L.F.	337	\$7,751.00
8" SDR-35 PVCPC – 10-14 FT DEEP	2009	L.F.	344	\$8,600.00
CONCRETE MANHOLE W/ FRAME & COVER– 0-8 FT DEEP	2009	EA.	2	\$6,203.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3A – WASHINGTON LANE EXT.				\$22,554.00

**PHASE 3A – WAVERLY BLVD. EXTENSION**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
8" SDR-35 PVC P – 6-10 FT DEEP	2011	L.F.	160	\$4,416.00
8" SDR-35 PVC P – 10-14 FT DEEP	2011	L.F.	680	\$20,400.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-8 FT DEEP	2011	EA.	5	\$11,856.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3A – WAVERLY BLVD EXT.				\$36,672.00

**PHASE 3B – SOUTH OF WASHINGTON LANE – NORTH OF CONRAIL/AMTRAK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVCPC – 0-8 FT DEEP GREENBELT DRIVE	2005	L.F.	375	\$20,636.00
8" SDR-35 PVCPC – 12-14 FT DEEP GREENBELT DRIVE	2005	L.F.	50	\$4,255.00
CONCRETE MANHOLE W/ FRAME & COVER– 0-8 FT DEEP GREENBELT DRIVE	2005	EA.	1	\$1,800.00
CONCRETE MANHOLE W/ FRAME & COVER– 12-14 FT DEEP GREENBELT DRIVE	2005	EA.	1	\$5,000.00
8" SDR-35 PVCPC – 0-8 FT DEEP	2009	L.F.	1,035	\$98,977.00
8" SDR-35 PVCPC – 8-10 FT DEEP	2009	L.F.	482	\$46,937.00
8" SDR-35 PVCPC – 10-12 FT DEEP	2009	L.F.	213	\$21,701.00
8" SDR-35 PVCPC – 12-14 FT DEEP	2009	L.F.	154	\$16,652.00
8" SDR-35 PVCPC – 14-16 FT DEEP	2009	L.F.	120	\$14,686.00
8" DIP – 0-8 FT DEEP	2009	L.F.	75	\$8,204.00
8" DIP – 8-10 FT DEEP	2009	L.F.	13	\$1,458.00
8" DIP – 10-12 FT DEEP	2009	L.F.	84	\$9,881.00
8" DIP – 12-14 FT DEEP	2009	L.F.	17	\$2,132.00
8" DIP – 14-16 FT DEEP	2009	L.F.	111	\$15,499.00
8" DIP – OVER 16 FT DEEP	2009	L.F.	154	\$26,277.00
CONCRETE MANHOLE W/ FRAME & COVER– 0-8 FT DEEP	2009	EA.	4	\$10,200.00
CONCRETE MANHOLE W/ FRAME & COVER– 8-10 FT DEEP	2009	EA.	2	\$5,320.00
CONCRETE MANHOLE W/ FRAME & COVER– 10-12 FT DEEP	2009	EA.	1	\$3,050.00
CONCRETE MANHOLE W/ FRAME & COVER– 14-16 FT DEEP	2009	EA.	2	\$7,050.00
CONCRETE MANHOLE W/ FRAME & COVER– OVER 16 FT DEEP	2009	EA.	1	\$4,780.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 3B				\$324,495.00

**PHASE 4 – VALLEY ROAD**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC P – 0-8 FT DEEP	2011	L.F.	2,396	\$204,259.00
8" SDR-35 PVC P – 8-10 FT DEEP	2011	L.F.	780	\$68,055.00
8" SDR-35 PVC P – 10-12 FT DEEP	2011	L.F.	180	\$16,065.00
8" SDR-35 PVC P – 12-14 FT DEEP	2011	L.F.	113	\$10,312.00
8" SDR-35 PVC P – 14-16 FT DEEP	2011	L.F.	60	\$5,595.00
8" SDR-35 PVC P – OVER 16 FT DEEP	2011	L.F.	50	\$4,763.00
8" DIP W/ 24" STEEL CASING BORE & JACK STREAM CROSSING	2011	L.F.	75	\$20,850.00
8" DIP – 8-10 FT DEEP	2011	L.F.	0	\$0.00
8" DIP – 10-12 FT DEEP	2011	L.F.	0	\$0.00
8" DIP – 12-14 FT DEEP	2011	L.F.	15	\$1,519.00
8" DIP – 14-16 FT DEEP	2011	L.F.	25	\$2,581.00
8" DIP – OVER 16 FT DEEP	2011	L.F.	350	\$36,838.00
CONCRETE MANHOLE W/ FRAME & COVER – 0-8 FT DEEP	2011	EA.	6	\$14,400.00
CONCRETE MANHOLE W/ FRAME & COVER – 8-10 FT DEEP	2011	EA.	12	\$31,200.00
CONCRETE MANHOLE W/ FRAME & COVER – 10-12 FT DEEP	2011	EA.	1	\$2,800.00
CONCRETE MANHOLE W/ FRAME & COVER – 12-14 FT DEEP	2011	EA.	2	\$6,000.00
CONCRETE MANHOLE W/ FRAME & COVER – 14-16 FT DEEP	2011	EA.	0	\$0.00
CONCRETE MANHOLE W/ FRAME & COVER – OVER 16 FT DEEP	2011	EA.	0	\$0.00
CONCRETE DOGHOUSE MANHOLE W/ FRAME & COVER	2011	EA.	1	\$4,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY PHASE 4				\$429,237.00

**SADSBURY CROSSING**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2001	L.F.	996	\$24,960.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	8	\$12,680.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY CROSSING				\$37,640.00

**QUARRY RIDGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
PHASE I				
8" SDR-35 PVC	1999	L.F.	1,864	\$46,600.00
8" DIP	1999	L.F.	717	\$31,548.00
CONCRETE MANHOLE W/ FRAME & COVER	1999	EA.	13	\$23,220.00
PHASE II				
8" SDR-35 PVC	2001	L.F.	2,275	\$56,875.00
8" DIP	2001	L.F.	298	\$13,112.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	10	\$15,000.00
PHASE III				
8" SDR-35 PVC	2001	L.F.	1,966	\$49,150.00
8" DIP	2001	L.F.	216	\$9,504.00
CONCRETE MANHOLE W/ FRAME & COVER	2001	EA.	11	\$16,800.00
PHASE IV				
8" SDR-35 PVC	2002	L.F.	2,278	\$56,950.00
CONCRETE MANHOLE W/ FRAME & COVER	2002	EA.	11	\$16,500.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY QUARRY RIDGE				\$335,259.00

**SADSBURY VILLAGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2006	L.F.	5,019	\$125,475.00
CONCRETE MANHOLE W/ FRAME & COVER	2006	EA.	26	\$41,500.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY VILLAGE				\$166,975.00

**OCTORARA GLEN**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2006	L.F.	3,523	\$68,699.00
CONCRETE MANHOLE W/ FRAME & COVER	2006	EA.	23	\$59,170.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY SADSBURY VILLAGE				\$127,869.00

**COWAN ESTATES (CAPPED SEWERS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2013	L.F.	1,902	\$49,452.00
CONCRETE MANHOLE W/ FRAME & COVER	2013	EA.	18	\$36,000.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY COWAN ESTATES				\$85,452.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 363 – SERVICES**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**PHASE 1A – VILLAGE OF POMEROY (NORTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 4" LATERAL WYE	2000	EA.	115	\$2,300.00
8" X 6" LATERAL WYE	2000	EA.	8	\$160.00
4" SDR-35 PVC LATERAL	2000	L.F.	1,952	\$40,750.00
6" SDR-35 PVC LATERAL	2000	L.F.	201	\$4,602.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 1A				\$47,812.00

**PHASE 1B – VILLAGE OF POMEROY (SOUTH)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2005	EA.	19	\$1,520.00
6" SDR-35 PVC LATERAL	2005	L.F.	354	\$17,890.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 1B				\$19,410.00

**PHASE 2A – VILLAGE OF SADSBURYVILLE (NORTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2007	EA.	48	\$3,072.00
6" SDR-35 PVC LATERAL	2007	L.F.	474	\$40,935.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 2A				\$44,007.00

**PHASE 2B – VILLAGE OF SADBURYVILLE (SOUTH OF ROUTE 30 BYPASS)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2004	EA.	10	\$1,250.00
6" SDR-35 PVC LATERAL	2004	L.F.	250	\$7,500.00
8" X 6" LATERAL WYE	2004	EA.	12	\$5,220.00
6" SDR-35 PVC LATERAL	2004	L.F.	155	\$4,993.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 2B				\$18,963.00

**PHASE 3A – WASHINGTON LANE AND LINCOLN AVENUE (INCLUDES REEL STREET)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2005	EA.	142	\$11,360.00
6" SDR-35 PVC LATERAL	2005	L.F.	2,300	\$116,420.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3A AND REEL STREET				\$127,780.00

**PHASE 3A – WASHINGTON LANE EXTENSION**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2009	L.F.	16	\$560.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3A WASHING LANE EXTENSION				\$560.00

**PHASE 3B – SOUTH OF WASHINGTON LANE – NORTH OF CONRAIL/AMTRAK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE GREENBELT DRIVE	2007	EA.	3	\$240.00
6" SDR-35 PVC LATERAL GREENBELT DRIVE	2007	L.F.	75	\$3,780.00
8" X 6" LATERAL WYE - PVC	2009	EA.	15	\$6,525.00
8" X 6" LATERAL WYE - DIP	2009	EA.	6	\$6,000.00
6" SDR-35 PVC LATERAL	2009	L.F.	498	\$15,877.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 3B INCLUDING GREENBELT DRIVE				\$32,422.00

**PHASE 4 – VALLEY ROAD**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2011	EA.	28	\$1,400.00
6" SDR-35 PVC LATERAL	2011	L.F.	622	\$35,610.00
TOTAL COST ACCOUNT 363 - SERVICES PHASE 4				\$37,010.00

**SADSBURY CROSSING**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2001	L.F.	856	\$14,261.00
TOTAL COST ACCOUNT 363 - SERVICES SADSBURY CROSSING				\$14,261.00

**QUARRY RIDGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL - PHASE I	2000	L.F.	1,271	\$19,065.00
6" SDR-35 PVC LATERAL - PHASE II	2001	L.F.	1,049	\$15,735.00
6" SDR-35 PVC LATERAL - PHASE III	2001	L.F.	1,327	\$19,905.00
6" SDR-35 PVC LATERAL - PHASE IV	2002	L.F.	1,612	\$24,180.00
TOTAL COST ACCOUNT 363 - SERVICES QUARRY RIDGE				\$78,885.00

**SADSBURY VILLAGE**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2006	EA.	146	\$10,950.00
6" SDR-35 PVC LATERAL	2006	L.F.	5,110	\$76,650.00
TOTAL COST ACCOUNT 363 - SERVICES SADSBURY VILLAGE				\$87,600.00

**OCTORARA GLEN**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" X 6" LATERAL WYE	2006	EA.	44	\$7,040.00
6" SDR-35 PVC LATERAL	2006	L.F.	1,352	\$22,646.00
TOTAL COST ACCOUNT 363 - SERVICES OCTORARA GLEN				\$29,686.00

**COWAN ESTATES**

<b>ITEM</b>	<b>YEAR INSTALLED</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>6" SDR-35 PVC LATERAL</b>	<b>2013</b>	<b>L.F.</b>	<b>330</b>	<b>\$7,920.00</b>
<b>TOTAL COST ACCOUNT 363 - SERVICES COWAN ESTATES</b>				<b>\$7,920.00</b>

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 364 – FLOW METERS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
METER PIT W/ FLOW METER (FORCE MAIN)	1999	L.S.	1	\$25,000.00
SIGMA OPEN CHANNEL FLOW W/MANHOLE & TELEMTRY	2015	L.F.	1,075	\$73,731.00
TOTAL COST ACCOUNT 364 – FLOW METERS				\$98,731.00

**SADSBURY TOWNSHIP  
SANITARY SEWER SYSTEM**

**ACCOUNT 371 – PUMPING EQUIPMENT**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
GORMAN RUPP T6A3-B PUMP STATION	1999	L.S.	1	\$225,000.00
TOTAL COST ACCOUNT 371 – PUMPING EQUIPMENT				\$225,000.00

**APPENDIX A**

**ACCOUNT 353 – LAND / LAND RIGHTS**

**EASEMENTS & RIGHTS OF WAY**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**ACCOUNT 353 – LAND / LAND RIGHTS**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**EASEMENTS**

**SADSBURY SEWER CORPORATION**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
JYF PARTNERS UPI 37-2Q-2	8/4/1999	S.F.	12,522.06	
HARRY & ATHENA LYMBERIS UPI 37-2-42	7/30/1999	S.F.	2,557.06	
JYF PARTNERS UPI 37-2-43	7/30/1999	S.F.	4,089.60	
LAWRENCE VANDYKE & RANDA LEAMY UPI 37-2-45.2	9/3/1999	S.F.	3,008.85	
ALBERT RUSSELL SCHAIBLE UPI 37-2-45	7/28/1999	S.F.	3,460.09	
ALBERT RUSSELL SCHAIBLE UPI 37-2-46	7/28/1999	S.F.	647.13	
JYF PARTNERS UPI 37-2-47	7/30/1999	S.F.	11,805.95	
HERMAN & DOROTHY IGLESIAS UPI 37-2-48	9/16/1999	S.F.	881.94	
HERMAN & DOROTHY IGLESIAS UPI 37-2-50.2	9/16/1999	S.F.	1,845.95	
HERMAN & DOROTHY IGLESIAS UPI 37-2-49	9/16/1999	S.F.	5,631.64	
JYF PARTNERS UPI 37-2-50.1	7/30/1999	S.F.	1,415.51	
SADSBURY ASSOCIATES, L.P. UPI 37-4-40	8/19/1999	S.F.	12,332.35	
FRANK WICK UPI 37-4-39.1	8/4/1999	S.F.	12,978.00	
SADSBURY TOWNSHIP UPI 37-4-37.1E	9/23/1999	S.F.	52,619.71	
AIM DEVELOPMENT CORPORATION UPI 37-4-56	7/28/1999	S.F.	5,660.43	

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
AIM DEVELOPMENT CORPORATION UPI 37-4-41	7/28/1999	S.F.	13,966.58	
AIM DEVELOPMENT CORPORATION UPI 37-4-46	7/28/1999	S.F.	15.65	
COSMOS DEVELOPMENT COMPANY UPI37-2-53	9/19/1999	S.F.	862.81	
PENGUIN INDUSTRIES UPI 37-4-44E	7/18/1999	S.F.	2,136.68 762.27	
SADSBURY TOWNSHIP UPI 37-4-44.1E	9/23/1999	S.F.	24,468.41	
SADSBURY TOWNSHIP UPI 37-4-42E	9/23/1999	S.F.	7,565.50 385.78	
SADSBURY TOWNSHIP UPI 37-4-43E	9/23/1999	S.F.	4,049.81	
SADSBURY TOWNSHIP UPI 37-4-94E	9/23/1999	S.F.	18,645.19	
ANN BEATRICE MCGRAIL UPI 37-4-69	7/30/1999	S.F.	28,558.05	
ANN BEATRICE MCGRAIL UPI 37-4-101	7/30/1999	S.F.	44,318.32	
CIGNATURE HOSPITALITY UPI 37-4-121	9/23/1999	S.F.	12,238.00	

**PHASE 1A – VILLAGE OF POMEROY (NORTH)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
ELMER, JR. AND DOROTHY M. LEAMY UPI 37-4M-21	11/1/1999	S.F.	3,006	
RANDY J AND KATHY S. MCCARRAHER UPI 37-4M-26	9/1/1999	S.F.	1,804	
THOMAS ROMINGER UPI37-4M-31	12/11/1999	S.F.	522	
MICHAEL J. AND PHYLLIS C. LOFTUS UPI 37-4M-36 & 37-4M-36.1	12/3/1999	S.F.	3,006	
FRANK WOLFE UPI 37-4M-37	9/13/1999	S.F.	3,125	
JOHN D. WARMIJAK, III UPI 37-4M-40	12/11/1999	S.F.	450	
CHARLES F. AND DOROTHY L. GAY UPI 37-4M-44 & 37-4M-44.1	9/1/1999	S.F.	1,500	
VERNA E. FRIEDRICH UPI 37-4H-69	10/29/1999	S.F.	3,125	
RICHARD F. AND LINDA E. ARNER UPI 37-4M-49	9/3/1999	S.F.	1,881	
JOSEPH L. & TERRY L. DISCIULIO UPI 37-4-101	9/16/1999	S.F.	2,435	
ANDREW AND LEONA E. ZVODAR UPI 37-4H-70	9/9/1999	S.F.	1,522	
LISA M. SWISHER UPI 37-4L-36	12/2/1999	S.F.	1,646	
ANTHONY & SUSAN LIEFIELD-TRESSLET UPI 37-4L-37	11/27/1999	S.F.	1,650	
HORACE W. AND LARELDA M. LOWERY UPI 37-4L-41	10/13/1999	S.F.	2,360	
RONALD J. AND ANNETTE FISCHER UPI 37-4L-53	10/1/1999	S.F.	2,437	
LAWRENCE AND JULIA VANDYKE UPI 37-4L-11	8/23/1999	S.F.	3,345	
ANDREW O AND VERA E. FRIEDRICH UPI 37-4M-45	8/23/1999	S.F.	5,250	
ROBERT AND NANCY R. PERRY UPI 37-4M-54	9/9/1999	S.F.	2,147	
POMEROY PARTNERSHIP UPI 37-4L-50	9/16/1999	S.F.	5,912	

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
JAMES W. AND DOROTHY M. ANDERSON UPI 37-4L-62.1	12/8/1999	S.F.	8,538	
ALTON L. AND MAE W. CROTHERS UPI 37-4L-54 UPI 37-4L-54 UPI 37-4L-57.1 UPI 37-4L-58	1/20/2000	S.F.	4,503	

**PHASE 1B – VILLAGE OF POMEROY (SOUTH)**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>WILLIAM C AND MICHELLE C. WHITE UPI 37-4-105.1</b>	<b>1/3/2002</b>	<b>S.F.</b>	<b>8,171</b>	

**PHASE 2A – SPRINGVIEW MANOR & SOUTH BONSALE SCHOOL ROAD**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
HERMAN & DOROTHY IGLESIAS UPI 37-2-48 & 37-2-50.1	7/27/2005	S.F.	26,910	
GEORGE K. SR., AND RUTH ANN WHISLER UPI 37-2-32	7/19/2006	S.F.		
EUGENE J. AND ANN M. LAFFERTY UPI 37-2-20	4/4/2006	S.F.	3,750	
GEORGE C. AND SANDRA J. DEVINE UPI 37-2-29.4	5/4/2006	S.F.	2,754	
MICHAEL H. AND DENISE D. GALLIMORE UPI 37-2-29.5	5/7/2005	S.F.	2,596	
WILLIAM J. AND BEVERLY K MURRAY UPI 37-2-29.8	4/25/2005	S.F.	2,692	
STANLY M AND CATHERINE E KRYZANAUSKAS UPI 37-2-29.2	4/27/2005	S.F.	2,500	
CRAIG M AND TERESA A. PAPPAS UPI 37-2-29.10	4/21/2005	S.F.	2,500	
ANTHONY AND SHERRY ROMASCO UPI 37-2-29.3	5/12/2005	S.F.	2,500	
LARK AND THERESA KEMPER UPI 37-2-29.11	5/12/2005	S.F.	2,500	
ROBERT AND EMILY HARKINS UPI 37-2-29.6	11/21/2005	S.F.	401	
FRANK GEISSLER UPI 37-2-29.9	12/15/2004	S.F.	11,643	
SCOTT LONGACRE AND PATRICIA LYNN CHAMBERS UPI 37-2-29.23	5/12/2005	S.F.	2,906	
JOSEPH M, III AND DEBORAH A. MATONI UPI 37-2-29.24	5/6/2005	S.F.	2,405	
KENNETH ALLEN & CHERYL ANN DAVIS UPI 37-2-29.25	4/29/2005	S.F.	400	
HARRY R FIRESTONE UPI 37-2-29.12	5/11/2005	S.F.	400	
JOHN TREGO, SR. UPI 37-2-29.13	11/15/2005	S.F.	2,500	
H. BROOKE LUEY UPI 37-2-29.14	5/12/2005	S.F.	2,506	
FRANZ GEISSLER UPI 37-2-29	12/15/2004	S.F.	9,176	

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RICHARD A AND ROSE A. WHITMAN UPI 37-2-29.15	5/11/2005	S.F.	6,299	
BONNIE L. AND JAMES A. GRANNELLS UPI 37-2-29.16	5/3/2005	S.F.	3,891	
THOMAS J. STOLTZFUS UPI 37-2-29.16	5/4/2005	S.F.	5,257	
BESSIE M. JOHNSON UPI 37-2-29.16	5/12/2005	S.F.	7,327	
JAMES G AND JANE D. ROPER UPI 37-2-29.20	5/2/2005	S.F.	9,657	
CHARLES L. WITHERSPOON UPI 37-2-29.19	5/3/2005	S.F.	12,314	
THOMAS D. AND PATRICIA J. HINES UPI 37-2-29.18	5/2/2005	S.F.	5,294	

**PHASE 2B – VILLAGE OF SADBURYVILLE**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
JOHN H LYMBERIS AND FOTIOS & YIOTA L. PETROPOULOS UPI 37-2Q-30	6/15/2004	S.F.	8,291	
SADBURY ASSOCIATES, L.P. UPI 37-4-40	6/22/2004	S.F.	637891	
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-4-55	12/22/2004	S.F.	4,620	
SADBURYVILLE VOLUNTEER FIRE COMPANY UPI 37-2Q-44 & 37-4C-11.1	12/28/2004	S.F.	6,129	
JOHN H LYMBERIS UPI 37-2Q-13	7/1/2008	S.F.	3,324	
THOMAS R. AND NANCY J. GREENFIELD UPI 37-2Q-12	6/10/2008	S.F.	1,820	
CHRISTOPHER G. AND HEATHER A. HERSHEY UPI 37-2Q-11	6/10/2008	S.F.	1,114	
JOHN W. AND KATHLEEN A. COLDREN UPI 37-2Q-10	5/29/08	S.F.	1,731	

**PHASE 3A – POMEROY HEIGHTS (WASHINGTON LANE & LINCOLN AVENUE)**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>CHARLES N BURNETT, JR. AND MICHAEL R. SHORT (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-139</b>	<b>12/2004</b>	<b>S.F.</b>	<b>5,400 +/-</b>	
<b>ANGELA M MARTIN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.96</b>	<b>12/2004</b>	<b>S.F.</b>	<b>1,875 +/-</b>	
<b>BAKARI &amp; JENNIFER L GREEN (ORIGINALLY PART OF QUARRY RIDGE SUBDIVISION) UPI 37-4-53.95</b>	<b>12/2004</b>	<b>S.F.</b>	<b>1,875 +/-</b>	

**PHASE 3B – POMEROY HEIGHTS (REEL STREET)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
COSMOS DEVELOPMENT COMPANY UPI 37-4-165 UPI 37-4-166	2/5/2003	S.F.	3,062	\$1.00

**PHASE 3B – POMEROY HEIGHTS (NORTH STREET & STOVE PIPE HILL ROAD)**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
RAYMOND JR. & CAMILLA A. BERKEY UPI 37-4G-35	7/24/2008	S.F.	355	
HARMUN DEVELOPMENT UPI 37-4G-36	9/19/2008	S.F.	1,550	
ERIC J. MARCELLA UPI 37-4G-37	9/29/2008	S.F.	474	

**PHASE 4 - VALLEY ROAD**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
ANN B. MCGRAIL UPI 37-4-69	4/7/2010	S.F.	7,348	
ZOUHONG YIN & XIQUIN QUIN UPI 37-4-88	4/7/2010	S.F.	16,588	
STEVEN AND ROSEMARIE CRANDALL UPI 37-4-88.1	8/2/2010	S.F.	21,015	
RALPH T. & BETTY J. GARRIS UPI 37-4-82	3/14/2010	S.F.	2,074	
RALPH T. & BETTY J. GARRIS UPI 37-4-81	3/14/2010	S.F.	3,001	
RALPH T. & BETTY J. GARRIS UPI 37-4-80.1	3/14/2010	S.F.	215	
RALPH T. & BETTY J. GARRIS UPI 37-4-80	3/14/2010	S.F.	4,643	
MICHAEL F. AND ALIAH M. KINNEY UPI 37-4-78	1/29/2010	S.F.	1,250	
WILBUR N. AND ALICE V. MARSH UPI 37-4-77	1/19/2010	S.F.	2,500	
CHRISTOPHER AND KATHLEEN BOWSER UPI 37-4-86	7/27/2010	S.F.	2,840	
ROBERT P. & VICTORIA G. NUNEMAKER UPI 37-4-85	4/29/2010	S.F.	1,878	
LYNN J. HANNAWAY UPI 37-4-69.4	1/15/2010	S.F.	12,557	
VALLEY EAST PROPERTIES, LLC UPI 37-4-69.1	3/12/2010	S.F.	23,212	

**SADBURY CROSSING (CARR SUBDIVISION)**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
DAVID J CARR SR. UPI 37-3-23 UPI 37-3-23.15 UPI 37-3-23.16	9/24/2001	S.F.		

**QUARRY RIDGE**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
<b>COSMOS DEVELOPMENT COMPANY</b>				
<b>UPI 37-4-53.39</b>				
<b>UPI 37-4-53.41</b>	<b>12/7/2004</b>	<b>S.F.</b>	<b>23,122</b>	
<b>UPI 37-4-53.78</b>				

**SADSBURY VILLAGE**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
SADSBURY ASSOCIATES, L.P. UPI 37-4-235	9/19/2006	S.F.	38,323	

**OCTORARA GLEN**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
OCTORARA GLEN COMMUNITY ASSOC. UPI 37-4-234	10/7/2008	S.F.	6,036	

**COWAN ESTATES**

<b>GRANTOR</b>	<b>DATE</b>	<b>UNIT</b>	<b>QTY</b>	<b>ORIGINAL COST</b>
COSMOS PROPERTIES, L.P. UPI 37-4-17.10 UPI 37-4-17.12	10/24/2014	S.F.	31,886	

**MAST PROPERTIES**

GRANTOR	DATE	UNIT	QTY	ORIGINAL COST
HAROLD K. MAST AND DANIEL L. MAST UPI 37-1-26 UPI 37-1-26.1	3/8/2016	S.F.		

**APPENDIX B**  
**DEPRECIABLE PLANT ACCOUNTS**  
**PAYMENT RELEASE CERTIFICATES AND ESTIMATES**

**SADSBURY TOWNSHIP**  
**CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX C**

**COST ESTIMATES FOR SEWERS NOT YET DEDICATED**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES - GRAVITY  
SEWERS NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**BELLAIRE BUSINESS CENTER – PHASE 1A & 1B**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC 0-6 FT DEEP	2008	L.F.	1,516	\$23,184.00
8" SDR-35 PVC 6-8 FT DEEP	2008	L.F.	2,785	\$43,350.00
8" SDR-35 PVC 8-10 FT DEEP	2008	L.F.	1,450	\$23,200.00
8" SDR-35 PVC 10-12 FT DEEP	2008	L.F.	38	\$774.00
8" SDR-35 PVC 12-14 FT DEEP	2008	L.F.	281	\$5,016.00
8" SDR-35 PVC 14-16 FT DEEP	2008	L.F.	882	\$17,332.00
8" DUCTILE IRON PIPE	2008	L.F.	22	\$774.00
CONCRETE MANHOLE W/ FRAME & COVER	2008	EA.	34	\$66,002.00
8" DIP W/STEEL CASING BORE & JACK	2008	L.F.	133	\$62,544.00
8" SDR-35 PVC @ WETLANDS	2008	L.F.	65	\$3,192.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY NOT YET DEDICATED BELLAIRE BUSINESS CENTER				\$245,368.00

**ACCOUNT 363 – SERVICES – NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**BELLAIRE BUSINESS CENTER – PHASE 1A & 1B**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2008	EA.	201	\$10,270.00
TOTAL COST ACCOUNT 363 - SERVICES NOT YET DEDICATED BELLAIRE BUSINESS CENTER				\$10,270.00

**ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES - GRAVITY  
SEWERS NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**MEETINGHOUSE PROPERTIES, LLC (MORRIS FARM)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
8" SDR-35 PVC	2009	L.F.	2,037	\$69,090.00
CONCRETE MANHOLE W/ FRAME & COVER	2009	EA.	12	\$30,815.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY NOT YET DEDICATED MORRIS FARM				\$99,905.00

**ACCOUNT 363 – SERVICES – NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**MEETINGHOUSE PROPERTIES, LLC (MORRIS FARM)**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2009	L.F.	210	\$4,169.00
TOTAL COST ACCOUNT 363 - SERVICES NOT YET DEDICATED BELLAIRE BUSINESS CENTER				\$4,169.00

**ACCOUNT 361 – COLLECTION MAINS & ACCESSORIES - GRAVITY  
SEWERS NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SADBURY PARK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
PHASE 4C				
8" SDR-35 PVC	2013	L.F.	1,247	\$25,227.00
CONCRETE MANHOLE W/ FRAME & COVER	2013	EA.	7	\$17,960.00
PHASE 2A				
8" SDR-35 PVC	2015	L.F.	3,801	\$95,025.00
8" DIP	2015	L.F.	538	\$34,970.00
CONCRETE MANHOLE W/ FRAME & COVER	2015	EA.	31	\$66,092.00
TOTAL COST ACCOUNT 361 COLLECTION MAINS & ACCESS.-GRAVITY NOT YET DEDICATED SADBURY PARK				\$239,274.00

**ACCOUNT 363 – SERVICES – NOT YET DEDICATED**

**ORIGINAL COST AS OF DECEMBER 31, 2016**

**SADBURY PARK**

ITEM	YEAR INSTALLED	UNIT	QTY	ORIGINAL COST
6" SDR-35 PVC LATERAL	2015	EA.	64	\$31,636.00
6" DIP LATERAL	2015	EA.	7	\$8,134.00
TOTAL COST ACCOUNT 363 - SERVICES NOT YET DEDICATED BELLAIRE BUSINESS CENTER				\$39,770.00

**APPENDIX D**

**AMTRAK LICENSE AGREEMENT  
SADSBURY SEWER CORPORATION CROSSING  
MILEPOST 42.8**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX E**  
**AMTRAK LICENSE AGREEMENT**  
**PHASE 3B SEWER EXTENSION**

**SADSBURY TOWNSHIP**  
**CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX F**  
**CURRICULUM VITAE**  
**FOR**  
**JAMES W. MACCOMBIE, P.E., P.L.S.**

**SADSBURY TOWNSHIP**  
**CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS**  
**PURSUANT TO**  
**PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX G**

**PROPERTIES WITH TAPPING FEES PAID  
BUT NOT YET CONNECTED**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX H**

**SADSBURY TOWNSHIP MAP OF SANITARY SEWERS  
SADSBURY SEWER SERVICE AREA MAP**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

**JANUARY 30, 2017**

**APPENDIX I**

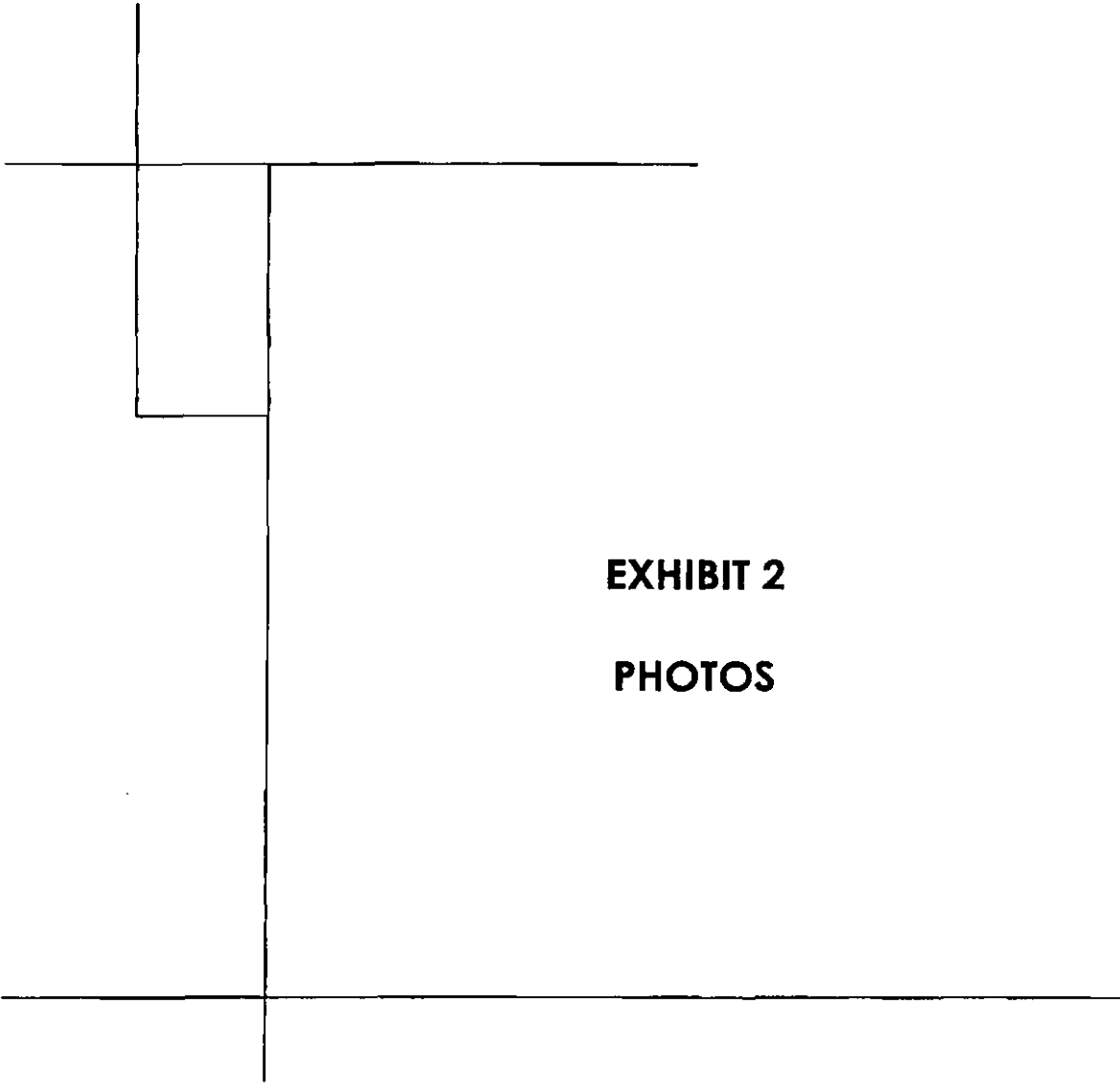
**SADSBURY TOWNSHIP CUSTOMER ACCOUNT SPREADSHEET**

**SADSBURY TOWNSHIP  
CHESTER COUNTY, PA**

**SANITARY SEWER SYSTEM**

**ASSESSMENT OF TANGIBLE ASSETS  
PURSUANT TO  
PUC CODE §1329(A)(4)**

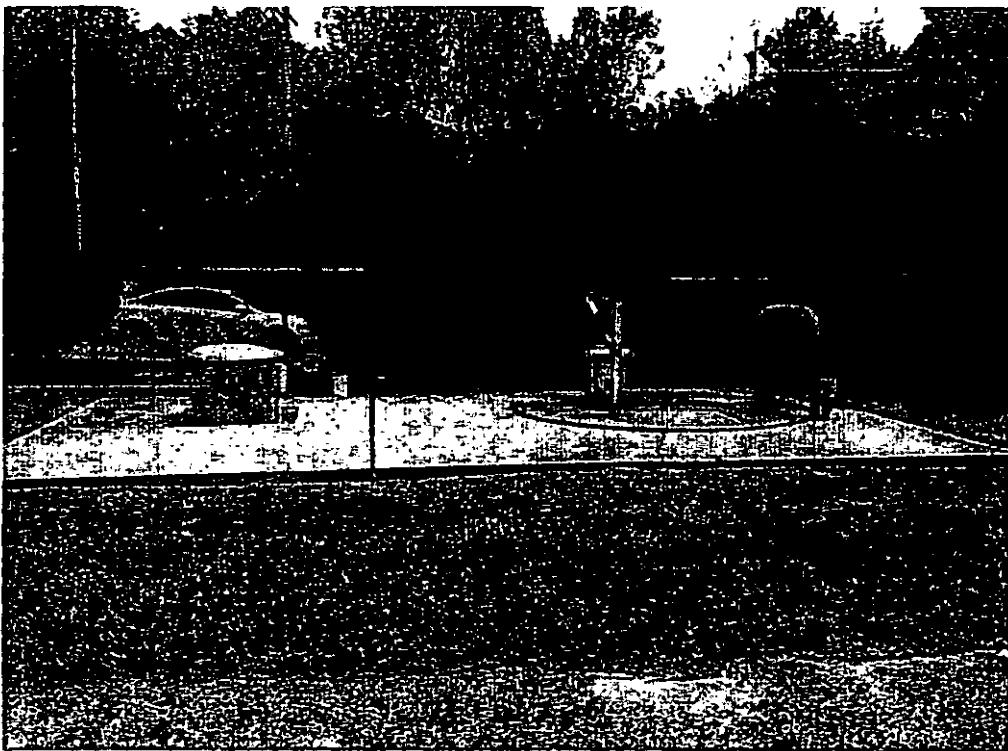
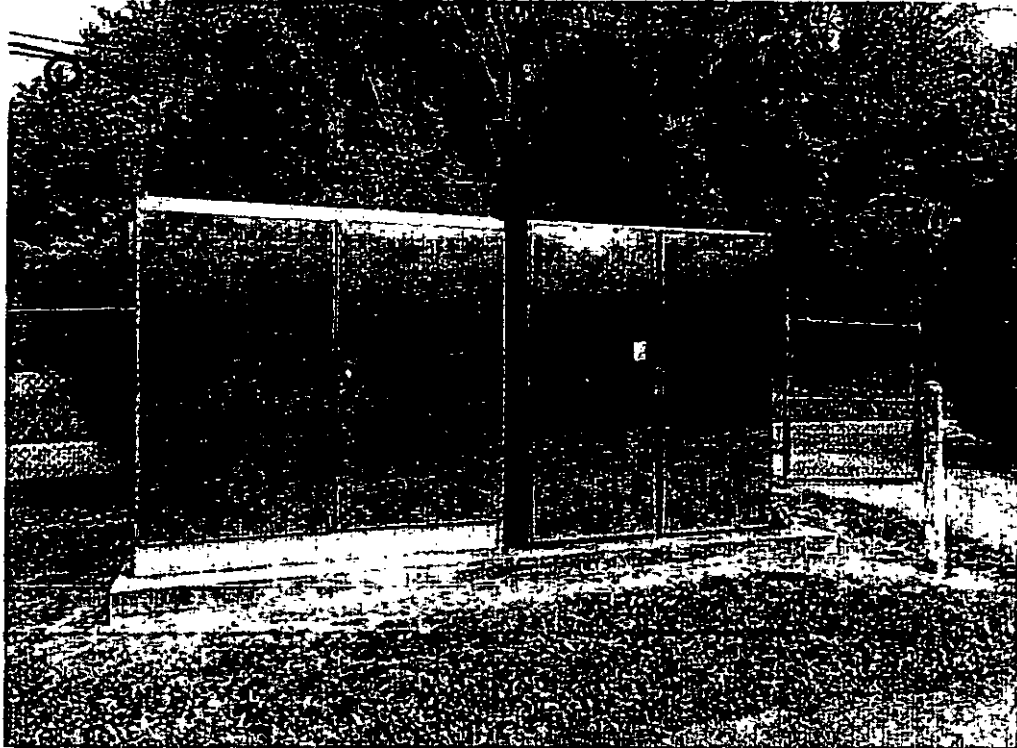
**FEBRUARY 14, 2017**



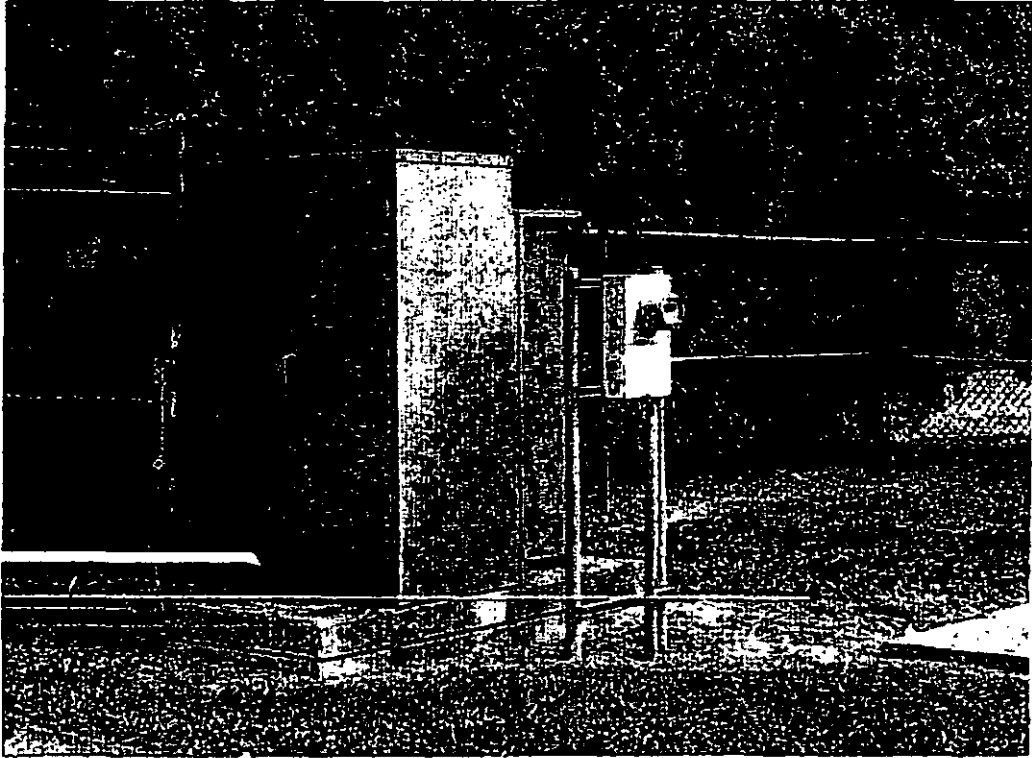
**EXHIBIT 2**

**PHOTOS**

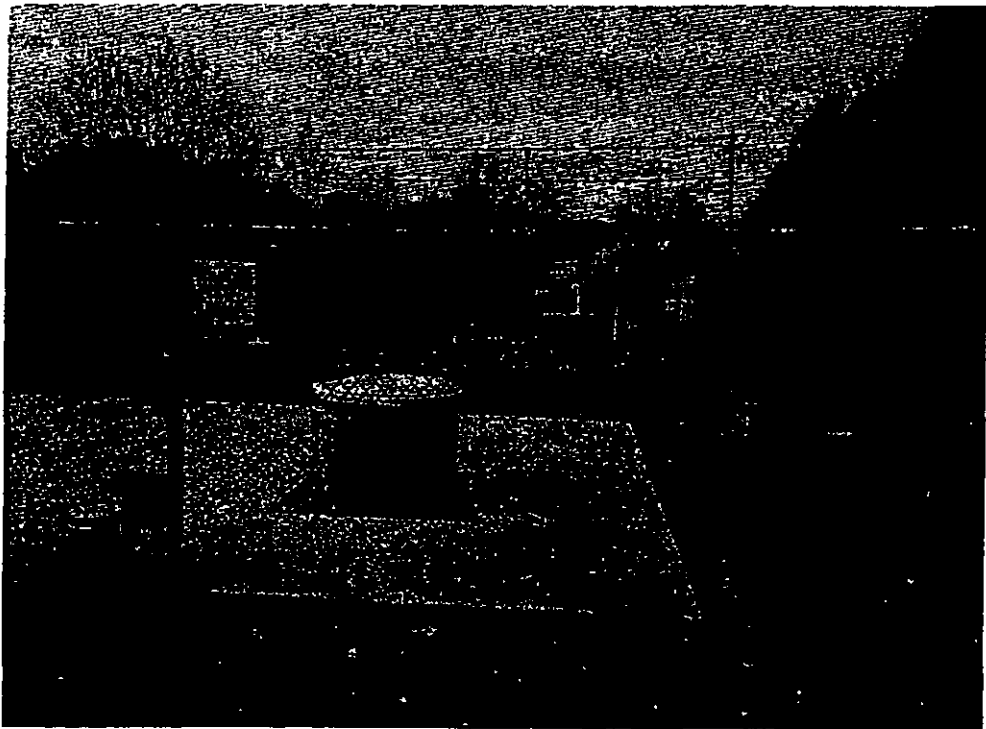
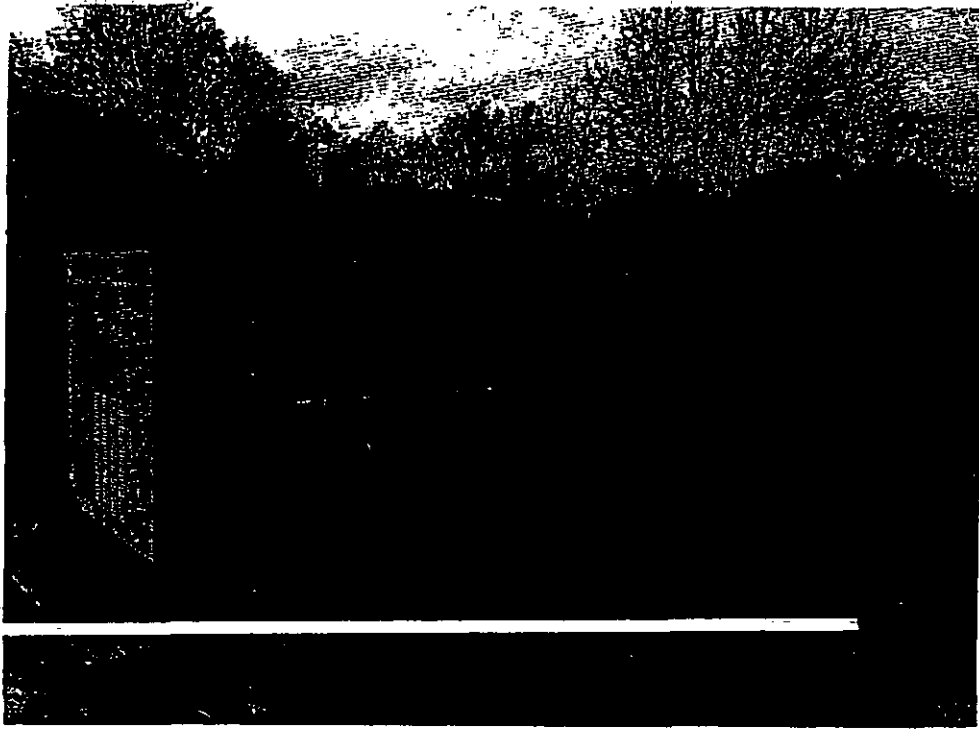
**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**



**SADSBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**



**SADBURY TOWNSHIP SANITARY SEWER SYSTEM  
FAIR MARKET VALUATION AS OF DECEMBER 31, 2016**





**Jerome C. Weinert**  
Principal & Director

**AUS Consultants**  
**Depreciation and Valuation**  
8555 West Forest Home Avenue  
Suite 201  
Greenfield, WI 53228  
Telephone 414-529-5755  
Fax 414-529-5750  
E-Mail [weinertj@auswest.net](mailto:weinertj@auswest.net)

November 21, 2017

Mr. Andrew L. Swope  
Vice President, General Counsel  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hersey, PA 17033

RE: Sadsbury Township, PA Wastewater Utility Appraisal

Enclosed is the appraisal report for Sadsbury, PA's wastewater utility system as of January 1, 2017 prepared for Pennsylvania-American Water Company. The report was prepared based on the 2016-2017 Uniform Standards of Professional Practices (USPAP) and is intended to meet the criteria established with Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes (PA CS) Paragraph 1329 "Valuation of acquired water and wastewater systems", collectively referred to as Act 12 of the 2016 Pennsylvania legislative session (Act 12). The intended users of this appraisal are Pennsylvania-American Water Company and the Pennsylvania Public Utility Commission.

Based on our appraisal the Fair Market Value of Sadsbury's wastewater system property, plant, and equipment operating as Pennsylvania rate regulated wastewater utility is \$8,910,000 determined based on the cost, income, and market approaches to value, as detailed in the following table:

**Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
As of January 1, 2017**

**Fair Market Value Appraisal**

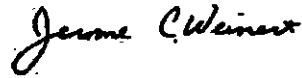
**Revised: 6-21-2017**

	Investor-owned Utility	Weight	Wtd Value Indicator
<b>Cost Approach</b>			
Depreciated Replacement Cost New	\$ 8,517,587	50%	4,258,794
Depreciated Original Cost	6,128,876		
Net Book Financials	6,916,575		
<b>Income Approach</b>			
Investor-Owned Utility	8,783,602	40%	3,513,441
<b>Market Approach</b>			
Investor-Owned Utility	11,374,184	10%	1,137,418
<b>Appraisal Conclusion</b>			<b>8,909,653</b>
<b>Appraisal Conclusion</b>	<b>8,910,000</b>		

As the purpose of this appraisal was to fulfill the requirements of Act 12 in the establishment of value for rate making of Sadsbury's wastewater utility's property, plant and equipment the cost approach conclusion of \$8,517,587 is consistent with the purpose of the appraisal. This cost approach conclusion is detailed in the Cost Approach of this report. As the cost approach work papers details our value conclusion by National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA) for the wastewater industry account classifications and the installation year of the property this detail can be used to establish the booked value for future accounting and rate making.

**AUS CONSULTANTS**

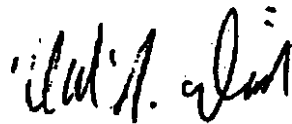
Respectfully Submitted,  
AUS Consultants, Depreciation & Valuation  
By:




Jerome C. Weinert, ASA, P.E., CDP  
Principal and Director



David A. Sheffer  
Principal



Michael J. Diedrich, ASA, P.E., CDP  
Certified General Appraiser  
Principal



Elizabeth A. Weinert  
Associate

November 20, 2017

ASA: Accredited Senior Appraiser in the Machinery and Equipment (Public Utilities) discipline  
of the American Society of Appraisers  
P.E.: Registered Professional Engineer State of Wisconsin  
CDP: Certified Depreciation Professionals in the Society of Depreciation Professionals

Enclosures

**AUS CONSULTANTS**

**Sadsbury, Pennsylvania's Wastewater Utility**

**Fair Market Value Appraisal Report  
As of January 1, 2017  
for  
Pennsylvania American Water Company**

**AUS Consultants  
Depreciation and Depreciation  
8555 West Forest Home Avenue Suite 201  
Greenfield, Wisconsin 53228  
Office: 414-529-5755  
Cell: 414-698-8371  
E-Mail: [weinertj@auswest.net](mailto:weinertj@auswest.net)**

**AUS CONSULTANTS**

**TABLE OF CONTENTS**

**NARRATIVE REPORT**

**EXECUTIVE SUMMARY** ..... Page 1

**PURPOSE AND SCOPE OF WORK** .....Page 12

**WATER WASTEWATER INDUSTRY NATIONALLY AND IN PENNSYLVANIA WORK**

**SADSBURY TOWNSHIP, PENNSYLVANIA AND THE SADSBURY WASTEWATER UTILITY**.....Page 14

**Water / Wastewater Industry**.....Page 14

**Pennsylvania water / wastewater Industry**.....Page 14

**Sadsbury Township, Pennsylvania**.....Page 15

**Sadsbury Township Wastewater System**.....Page 15

**APPRAISAL PROCEDURES AND RESULTS**.....Page 20

**Cost Approach**.....Page 21

**Income Approach**.....Page 27

**Market Approach** .....Page 28

**Value Conclusion**.....Page 34

**COMPLIANCE WITH UNIFORM STANDARD OF PROSESSIONAL APPRAISAL PRACTICES (2016-217)**

**SUPPORTING EXHIBITS AND WORKPAPERS**

**VALUATION SUMMARY (TAB)**

**COST APPROACH (TAB)**

    Replacement Cost New

    Replacement Cost New Less Depreciation

    Depreciated Original Cost

    Cost Indices

    Depreciation & Obsolescence

    Land Appraisal

    Property Record

**INCOME APPROACH (TAB)**

    Discounted Cash Flow (DCF)

    Analysis of Financial Statements

    Sadsbury Township, PA Year-ending 2014 through 2015

    Water/Wastewater Industry Financial and Operating Statistics

    Cost of Capital / required Return

**MARKET APPROACH (TAB)**

    Comparable Sales

    Wastewater Industry Sales

    Value Line Investment Survey Water Industry Market Ratio Sales analysis

**ENGINEER'S ASSESSMENT (TAB) – Herbert E. MacCombie Consulting Engineers and Surveyors, Inc.'s**

**Engineers Assessment of the Sadsbury Township Wastewater Utility – Inventory as of January 2017**

November 20, 2017

Pennsylvania American Water Company  
Hersey, Pennsylvania

**AUS Consultants**  
**Depreciation and Valuation**  
8555 West Forest Home Avenue  
Suite 201  
Greenfield, WI 53228  
Telephone 414-529-5755  
Fax 414-529-5750  
E-Mail [weinertj@auswest.net](mailto:weinertj@auswest.net)

**RE: The Sadsbury, Pennsylvania Wastewater Utility Appraisal**

Enclosed is the appraisal report for Sadsbury, PA's wastewater utility system as of January 1, 2017 prepared for our client Pennsylvania American Water Company. The report was prepared based on the 2016-2017 Uniform Standards of Professional Practices (USPAP) and is intended to meet the criteria established with Title 66 (Public Utilities) of the Pennsylvania Consolidated (PA CS) Statutes Section 1329 "Valuation of acquired water and wastewater systems", collectively referred to as Act 12 of the 2016 Pennsylvania legislative session (Act 12). The intended users of this appraisal are Pennsylvania American Water Company and the Pennsylvania Public Utility Commission.

Based on our appraisal, the Fair Market Value of the Sadsbury PA's wastewater utility's property, plant, and equipment operating as Pennsylvania rate regulated wastewater utility is \$8,910,000 determined based on the cost, income, and market approaches to value, as detailed in the following table:

**AUS CONSULTANTS**

**Pennsylvania American Water Company**  
**Sadsbury Township Wastewater Utility**  
**Wastewater**  
**Potential Purchaser: Investor-Owned Utility**  
**As of January 1, 2017**

**Fair Market Value Appraisal**

**Revised: 6-21-2017**

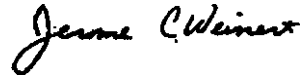
	Investor-owned Utility	Weight	Wtd Value Indicator
<b>Cost Approach</b>			
Depreciated Replacement Cost New	\$ 8,517,587	50%	4,258,794
Depreciated Original Cost	6,128,876		
Net Book Financials	6,916,575		
<b>Income Approach</b>			
Investor-Owned Utility	8,783,602	40%	3,513,441
<b>Market Approach</b>			
Investor-Owned Utility	11,374,184	10%	1,137,418
<b>Appraisal Conclusion</b>			<b>8,909,653</b>
<b>Appraisal Conclusion</b>	<b>8,910,000</b>		

As the purpose of this appraisal was to fulfill the requirements of Section 1329 of the PA CS in the establishment of value for rate making of Sadsbury's property, plant and equipment the cost approach conclusion of \$8,517,587 is consistent with the purpose of the appraisal. This cost approach conclusion is detailed in the Cost Approach of this report. As the cost approach work papers details our value conclusion by National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA) for the wastewater industry account classifications and the installation year of the property this detail can be used to establish the booked value for future accounting and rate making.

**AUS CONSULTANTS**

Respectfully Submitted,

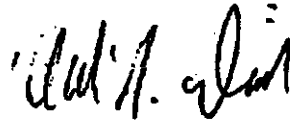
AUS Consultants, Depreciation & Valuation  
By:



Jerome C. Weinert, ASA, P.E., CDP  
Principal and Director



David A. Sheffer  
Principal



Michael J. Diedrich, ASA, P.E., CDP  
Certified General Appraiser  
Principal



Elizabeth A. Weinert  
Associate

November 21, 2017

ASA: Accredited Senior Appraiser in the Machinery and Equipment (Public Utilities) discipline  
of the American Society of Appraisers

P.E.: Registered Professional Engineer State of Wisconsin

CDP: Certified Depreciation Professionals in the Society of Depreciation Professionals

**AUS CONSULTANTS**

**APPRAISAL CERTIFICATION**  
**for the Fair Market Appraisal of**  
**Sadsbury Township, Pennsylvania's Wastewater Utility**  
**As of January 1, 2017**  
**Prepared for**  
**Pennsylvania-American Water Company**

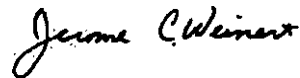
AUS Consultants, Depreciation & Valuation, certifies that, to the best of its knowledge and belief:

- The statements of fact contained in this report are true and correct.
- Over the last three years, AUS Consultants has not appraised these properties.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Neither AUS Consultants, Depreciation & Valuation, nor its professional staff has no present or prospective interest in the property that is the subject of this report, and has no personal interest with respect to the parties involved.
- Neither AUS Consultants, Depreciation & Valuation, nor its professional staff has any bias with respect to the property that is the subject of this report or to the parties involved.
- Our compensation for completing this assignment is not contingent upon the development or 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice 2016-2017 Edition.
- The signer (David A. Sheffer) of this report has made personal inspections of the property that is the subject of this report.
- All individuals who participated in the preparation of this report and who are Senior Members of the American Society of Appraisers are re-certified as required by the mandatory re-certification as set out in the constitution by-laws and administrative rules of the American Society of Appraisers.

**AUS CONSULTANTS**

- No individuals provided significant professional assistance to the persons signing this report. However, the following Pennsylvania-American Water Company personnel provided information and assistance obtained from Sadsbury Township, Pennsylvania and Herbert E. MacCombie, Jr. PE Consulting Engineers and Surveyors, Inc. Engineer's Assessment report which was the inventory starting point of the Cost Approach.

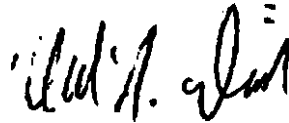
AUS Consultants, Depreciation & Valuation  
By:



Jerome C. Weinert, ASA, P.E., CDP  
Principal and Director



David A. Sheffer  
Principal



Michael J. Diedrich, ASA, P.E., CDP  
Certified General Appraiser  
Principal



Elizabeth A. Weinert  
Associate

November 21, 2017

**AUS CONSULTANTS**

**NARRATIVE REPORT**

**AUS CONSULTANTS**

## EXECUTIVE SUMMARY

The purpose of this appraisal is the determination of the fair market value of the property plant and equipment of Sadsbury Township, Pennsylvania's wastewater utility for our client Pennsylvania-American Water Company. The report was prepared based on the 2016-2017 Uniform Standards of Professional Practices (USPAP) and is intended to meet the criteria established with Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes Paragraph 1329: "Valuation of acquired water and wastewater systems", collectively referred to as Act 12 of the 2016 Pennsylvania legislative session (Act 12) and the Pennsylvania Public Utility Commission's Final Implementation Order M-2016-2543193 adopted October 27, 2016. The intended users of this appraisal are Pennsylvania American Water Company and the Pennsylvania Public Utility Commission (PUC).

The value established in this appraisal was based on the definition of Market Value as:

*"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." The Appraisal of Real Estate, 14<sup>th</sup> Edition, page 58.*

In arriving at our opinion of value of Sadsbury wastewater utility's property, plant, and equipment as it is operated as a investor-owned Pennsylvania PUC rate regulated wastewater utility the cost, income, and market approaches to value were considered. Detailed explanations of each approach to value are included below in the section "Appraisal Procedures and Results". The following summarizes the data, analysis and conclusions of each of those valuation approaches.

**Cost Approach** - The philosophy in the cost approach to value is that the maximum value of a property is established by the cost to acquire or build a similar property. In this appraisal, the cost approach to value was analyzed using reproduction/replacement cost approach.

Reproduction cost and replacement cost are defined as:

Reproduction cost – “Reproduction cost is the estimated cost to construct, as of the effective appraisal date, an exact duplicate or replica of the building [property] being appraised, insofar as possible, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject improvements [property].”<sup>1</sup>

Replacement cost – “Replacement cost is the estimated cost to construct, as of the effective appraisal date, a substitute for the building [property] being appraised using contemporary materials, standards, design and layout. When this cost basis is used, some existing obsolescence in the property may be cured. Replacement cost may be the only alternative if reproduction cost cannot be estimated”<sup>2</sup>

In the wastewater industry the property's reproduction costs and replacement costs are quite similar; therefore, the property's cost new was determined based on its replacement cost new estimated by the trended original cost and the inventory-unit cost methods.

The trended original cost method was utilized in preparing the replacement cost new. “Trending is a method of estimating a property's replacement cost new in which an *index* or *trend factor* is applied to the property's *historical costs* to convert the known historical costs into an indication of current (appraisal date) costs. Simply put, trending reflects the movement of price over time.”<sup>3</sup> In the trended original cost method, Sadsbury's investment in wastewater plant and equipment is restated to costs reflective of the appraisal date, by the application of cost trends to the property's original investment. AUS Consultants utilized the Engineer's Assessment performed by Herbert E. MacCombie, Jr., PE Consulting Engineers and Surveyors, Inc. (Engineer's Assessment tab) as the starting point of the Cost Approach. Utilizing the Engineer's Assessment AUS Consultant developed Sadsbury's original cost less depreciation in property, plant and equipment at January 1, 2017 (AUS Original Cost Less Depreciation tab).

The cost trends were applied to each of the Sadsbury's various investment categories (plant accounts) by original year of placement for that investment. The cost indexes

<sup>1</sup> The Appraisal of Real Estate, 14<sup>th</sup> Edition, pages 569-570

<sup>2</sup> ibid, page 570

<sup>3</sup> Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Third Edition, Page 50

used in these studies were the Handy-Whitman Index of Public Utility Construction Costs for the water industry in the northeastern region of the United States, AUS General Plant Indexes, and various United States Bureau of Labor Statistics (US BLS) indexes as detailed in the following table:

Property Description			Costing				
NARUC Account	Account Description	Cost Index Source	Table	Region	Line Reference	Loopup	
351	Organizations	US BLS	USBLS Professional Labor	US	USBLS	3 USBLS3	
352	Franchises	US BLS	USBLS Professional Labor	US	USBLS	3 USBLS3	
353	Land & Land Rights	US BLS	USBLS General Inflation	US	USBLS	1 USBLS1	
353.1	Land Improvements	US BLS	USBLS General Inflation	US	USBLS	1 USBLS1	
354	Structures & Improvements	Handy Whitman	HW Water	No. Atl	W-1	15 HWW-115	
354.3	Structures & Improvements - Pump Stations	Handy Whitman	HW Water	No. Atl	W-1	15 HWW-115	
354.4	Structures & Improvements - Treatment Plants	Handy Whitman	HW Water	No. Atl	W-1	15 HWW-115	
355	Power Generating Equipment	US BLS	USBLS Generators	US	USBLS	4 USBLS4	
360	Collection Sewers - Force	Handy Whitman	HW Water	No. Atl	W-1	43 HWW-143	
361	Collection Sewers - Gravity	Handy Whitman	HW Water	No. Atl	W-1	43 HWW-143	
362	Special Collection Structures	Handy Whitman	HW Water	No. Atl	W-1	43 HWW-143	
363	Services to Customers	Handy Whitman	HW Water	No. Atl	W-1	39 HWW-139	
364	Flow Measuring Devices	Handy Whitman	HW Water	No. Atl	W-1	40 HWW-140	
365	Flow Measuring Installations	Handy Whitman	HW Water	No. Atl	W-1	40 HWW-140	
366	Reuse Services	Handy Whitman	HW Water	No. Atl	W-1	39 HWW-139	
367	Reuse Meters & Meter Installations	Handy Whitman	HW Water	No. Atl	W-1	39 HWW-139	
370	Recking Wells	Handy Whitman	HW Water	No. Atl	W-1	2 HWW-12	
371	Pumping Equipment	Handy Whitman	HW Water	No. Atl	W-1	9 HWW-19	
374	Reuse Distribution Reservoirs	Handy Whitman	HW Water	No. Atl	W-1	2 HWW-12	
375	Reuse Transmission & Distribution System	Handy Whitman	HW Water	No. Atl	W-1	34 HWW-134	
380	Treatment & Disposal Equipment	Handy Whitman	HW Water	No. Atl	W-1	16 HWW-116	
381	Plant Sewers	Handy Whitman	HW Water	No. Atl	W-1	34 HWW-134	
382	Outfall Sewer Lines	Handy Whitman	HW Water	No. Atl	W-1	34 HWW-134	
389	Other Plant & Miscellaneous Equipment	Handy Whitman	HW Water	No. Atl	W-1	34 HWW-134	
390.1	Furniture	AUS	AUS General Plant	No. Atl	T-1	12 AUST-112	
390.2	Office Equipment	AUS	AUS General Plant	No. Atl	T-1	13 AUST-113	
390.3	EDP Equipment	AUS	AUS General Plant	No. Atl	T-1	14 AUST-114	
391	Transportation Equipment	AUS	AUS General Plant	No. Atl	T-1	4 AUST-14	
392	Stores Equipment	AUS	AUS General Plant	No. Atl	USBLS	1 USBLS1	
393	Tools, Shop, & Garage Equipment	AUS	AUS General Plant	No. Atl	T-1	7 AUST-17	
394	Laboratory Equipment	AUS	AUS General Plant	No. Atl	USBLS	1 USBLS1	
395	Power Operated Equipment	AUS	AUS General Plant	No. Atl	T-1	8 AUST-18	
396	Communications Equipment	US BLS	USBLS Communication	US	USBLS	2 USBLS2	
396.1	Communications Equipment	US BLS	USBLS Communication	US	USBLS	2 USBLS2	
396.2	SCADA Systems	US BLS	USBLS Communication	US	USBLS	2 USBLS2	
397	Miscellaneous Equipment	US BLS	USBLS CPI	US	USBLS	1 USBLS1	
398	Other Tangible Plant	US BLS	USBLS CPI	US	USBLS	1 USBLS1	

Using the trended original cost method, Sadsbury's investment in plant, property and equipment of \$7,480,601 was determined to have a reproduction cost new of \$10,652,193.

Replacement Cost New Less Depreciation - The replacement cost described above reflects the cost of new property; however, Sadsbury's wastewater system property is

not new and has experienced normal depreciation and potentially functional and/or economic obsolescence. These various forms of depreciation are defined as follows:

Normal depreciation/deterioration, akin to physical deterioration, is "loss in value caused by wear, tear, age and use."<sup>4</sup>

Functional obsolescence is "the loss in value or usefulness of a property caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient of less costly replacement property that new technology has developed."<sup>5</sup>

Economic, or external, obsolescence is defined as "a loss in value caused by factors outside a property"<sup>6</sup> and is most often indicated by insufficient earning.

Based on our experience in regard to: water and wastewater depreciation studies and our analysis of Sadsbury's wastewater system operating performance; we found that Sadsbury's wastewater utility's property experiences normal depreciation but not any significant functional or economic obsolescence (see Income Approach).

In order to ascertain the service lives of the various types of Sadsbury's property, plant and equipment, we considered AUS Consultants' past water and wastewater depreciation studies, documentation provided by Sadsbury Township, and the interviews with Pennsylvania American's personnel and consultants. Through our experience and the above described information the following normal depreciation parameters of survival/retirement characteristics and service lives were determined for Sadsbury's wastewater utility property:

---

<sup>4</sup> The Dictionary of Real Estate Appraisal, 4<sup>th</sup> Edition

<sup>5</sup> Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Page 67.

<sup>6</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition, page 442.

NARUC Account	Property Description Account Description	Depreciable / Non- depreciable	Survivor - Retirement Characteristics	Depreciation			
				Physical Life	Functional Life	Minimum Condition	Economic Obsolescence
							0%
351	Organizations	Non-depreciable	SQ,0	100	100	100%	0%
352	Franchises	Non-depreciable	SQ,0	100	100	100%	0%
353	Land & Land Rights	Non-depreciable	SQ,0	100	100	100%	0%
353.1	Land Improvements	Depreciable	R4,0	45	45	10%	0%
354	Structures & Improvements	Depreciable	R4,0	45	45	10%	0%
354.3	Structures & Improvements - Pump Stations	Depreciable	R4,0	45	45	10%	0%
354.4	Structures & Improvements - Treatment Plants	Depreciable	R4,0	45	45	10%	0%
355	Power Generating Equipment	Depreciable	R3,0	35	35	10%	0%
360	Collection Sewers - Force	Depreciable	R3,0	65	65	10%	0%
361	Collection Sewers - Gravity	Depreciable	R3,0	70	70	10%	0%
362	Special Collection Structures	Depreciable	R3,0	75	75	10%	0%
363	Services to Customers	Depreciable	R3,0	55	55	10%	0%
364	Flow Measuring Devices	Depreciable	R3,0	35	35	10%	0%
365	Flow Measuring Installations	Depreciable	R3,0	35	35	10%	0%
366	Reuse Services	Depreciable	R3,0	45	45	10%	0%
367	Reuse Meters & Meter Installations	Depreciable	R3,0	35	35	10%	0%
370	Receiving Wells	Depreciable	R4,0	45	45	10%	0%
371	Pumping Equipment	Depreciable	R3,0	35	35	10%	0%
374	Reuse Distribution Reservoirs	Depreciable	R4,0	55	55	10%	0%
375	Reuse Transmission & Distribution System	Depreciable	R4,0	65	65	10%	0%
380	Treatment & Disposal Equipment	Depreciable	R3,0	45	45	10%	0%
381	Plant Sewers	Depreciable	R4,0	65	65	10%	0%
382	Outfall Sewer Lines	Depreciable	R4,0	65	65	10%	0%
389	Other Plant & Miscellaneous Equipment	Depreciable	R3,0	45	45	10%	0%
390.1	Furniture	Depreciable	R3,0	22	22	10%	0%
390.2	Office Equipment	Depreciable	R3,0	12	12	10%	0%
390.3	EDP Equipment	Depreciable	R3,0	8	8	10%	0%
391	Transportation Equipment	Depreciable	R3,0	12	12	10%	0%
392	Stores Equipment	Depreciable	R3,0	35	35	10%	0%
393	Tools, Shop, & Garage Equipment	Depreciable	R3,0	25	25	10%	0%
394	Laboratory Equipment	Depreciable	R3,0	25	25	10%	0%
395	Power Operated Equipment	Depreciable	R3,0	18	18	10%	0%
396	Communications Equipment	Depreciable	R3,0	12	12	10%	0%
396.1	Communications Equipment	Depreciable	R3,0	12	12	10%	0%
396.2	SCADA Systems	Depreciable	R3,0	12	12	10%	0%
397	Miscellaneous Equipment	Depreciable	R3,0	35	35	10%	0%
398	Other Tangible Plant	Depreciable	R3,0	35	35	10%	0%

Normal Depreciation – The extent of the normal depreciation in the property was evaluated using age-life depreciation techniques. In age-life depreciation, the property's depreciation or condition is estimated using the following formula:

$$\text{Depreciation (\%)} = \frac{\text{Age (years)} \times 100\%}{\text{Service Life (years)}}$$

$$\text{Condition (\%)} = \frac{\text{Remaining Life (years)} \times (100\%)}{\text{Service Life (years)}}$$

where: the property's Service Life = Age + Remaining Life

When the above depreciation lives are used to quantify the property's depreciation is applied to the replacement cost new (RCN) of \$10,652,193 the resultant RCN less normal depreciation (RCNLD) was found to be \$8,517,587 detailed as follows:

**Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
January 1, 2017**

Account	Account Description	Original Cost	DC less Depreciation	Replacement cost New	RCN less Depreciation
<b>Plant In Service</b>					
353	Land & Land Rights	18,343	18,343	25,235	25,235
354	Structures & Improvements - Pump Station	152,560	93,461	298,865	183,085
355	Power Generating Equipment	40,000	20,732	58,880	30,518
360	Collection Mains - Force	92,500	67,840	170,385	124,960
361	Collection Mains - Gravity	5,668,395	4,706,722	7,984,952	6,534,161
363	Services	546,316	432,822	842,151	659,483
364	Flow Meters	98,731	83,541	125,321	97,580
371	Pumping Equipment	225,000	116,618	479,025	248,279
<b>Total Plant In Service</b>		<b>6,841,845</b>	<b>5,540,079</b>	<b>9,984,814</b>	<b>7,903,301</b>
<b>Plant not Dedicated to Service</b>					
361	Collection Mains - Gravity	584,547	537,817	608,595	559,253
363	Services	54,209	50,980	58,784	55,033
<b>Total Plant not Dedicated to Service</b>		<b>638,756</b>	<b>588,797</b>	<b>667,379</b>	<b>614,286</b>
<b>Total Plant</b>		<b>7,480,601</b>	<b>6,128,876</b>	<b>10,652,193</b>	<b>8,517,587</b>

The preliminary cost approach to value of Sadsbury's sewer utility property was found to \$8,517,587.

#### **Income Approach**

The income approach to value establishes the value of the property based on its economic returns. There are two generally accepted procedures in performing an *income analysis*: the direct capitalization of anticipated income, and the discounted cash flow procedures.

In the direct capitalization approach, anticipated earnings are capitalized directly into value using a market-required return. Sadsbury's wastewater operation will be moving from a municipal operation, wherein economic returns are not the primary objective of the operation to a private (investor owned) rate regulated sewer utility operation in which economic returns are one of the objectives of the operation; therefore, the direct capitalization of earnings approach was not utilized in this appraisal.

In the discounted cash flow (DCF) approach, the property's economic returns are forecast for future periods. The cash flows (after-tax debt-free cash flows) from operations are discounted to the appraisal date using a market derived discount resulting in the DCF approach's income indicator of value. Use of the DCF approach allows the appraiser to address the property's historical operating experience and its migration, in future periods, to an operation as a rate regulated operation; thus making the DCF approach preferable.

In preparing this appraisal's DCF analysis first the results from Sadsbury's wastewater utility's operations were evaluated based on an analysis of historical operating performances over the period 2014 through 2015 resulting in operating statistics such as revenues and their growth, various operating expenses stated as function of their typical drivers (revenues, plant investment, income from operations, etc.). Second similar operating statistics were developed from public investor-owned water/wastewater utilities. Next, the results of future periods operations were forecast based on the migration of Sadsbury's historical operations over time to operations of the Sadsbury's wastewater operation similar to a public investor-owned water/wastewater utility. Finally, the resultant cash flows from future period operations on the Sadsbury wastewater system were discounted to the appraisal date using a market derived discount rate for a public investor-owned water/wastewater utilities. The following table presents the results of the discounted cash flow analysis:

**Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
As of January 1, 2017  
Discounted Cash Flow Analysis**

Discount Rate: Capitalization Rate:															7.25%	cost of debt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Period	Age	Revenue	Operating Expenses	Income from Operations	Non-Operating Income (Expense)	Income Before State and Federal Taxes	State and Federal Taxes @ 41.48%	After Tax Income	Max Cash Expense (Multiplication)	Capital Expenditure	Change in Working Capital	Debt-Free Net Cash Flow	Perpetual Worth Factor (PW)	FW of Cashflow	Accumulated FW of Cashflow	
Month	Rate	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	1/100	1/100	Dollars	
1	0.5	1,234,344	791,464	442,880	(117,874)	325,006	134,683	190,323	155,174	127,200	-	316,955	0.967	306,493	306,493	
2	1.5	1,498,076	931,856	566,220	(114,632)	451,588	187,797	263,791	172,660	126,758	14,829	372,653	0.903	336,567	643,060	
3	2.5	1,521,476	947,111	574,365	(112,540)	461,825	191,451	270,374	168,630	132,067	2,615	383,731	0.841	317,506	960,566	
4	3.5	1,543,311	961,441	581,870	(110,555)	471,315	195,964	275,350	164,425	137,030	2,535	393,761	0.780	308,445	1,269,011	
5	4.5	1,600,290	1,102,447	497,843	(108,439)	389,404	161,909	227,495	146,280	137,746	14,089	444,925	0.726	310,409	1,579,420	
6	5.5	1,677,294	1,117,674	559,620	(106,652)	452,968	188,969	264,000	152,797	149,208	140,516	2,613	455,522	0.680	312,279	1,891,699
7	6.5	1,854,702	1,135,382	719,320	(104,958)	614,362	254,942	359,420	152,189	143,945	2,568	476,017	0.642	302,215	2,193,914	
8	7.5	2,047,994	1,251,268	796,726	(103,179)	693,547	286,653	406,894	147,959	145,227	11,715	517,042	0.600	310,719	2,504,633	
9	8.5	2,099,014	1,270,867	828,147	(101,688)	726,459	301,441	425,018	150,330	149,170	2,615	533,211	0.560	296,654	2,801,287	
10	9.5	2,193,470	1,324,003	869,467	(100,187)	769,280	319,183	450,097	161,496	152,173	5,721	551,077	0.524	290,232	3,091,519	
11	10.5	2,316,096	1,401,818	914,278	(98,745)	815,533	340,223	475,310	164,724	155,125	8,063	566,471	0.490	287,718	3,379,237	
12	11.5	2,371,089	1,421,896	949,193	(97,497)	851,696	352,006	499,690	168,020	156,359	2,816	581,220	0.457	274,750	3,653,987	
13	12.5	2,406,651	1,446,908	959,743	(96,332)	863,415	358,211	505,204	171,040	161,647	2,981	594,757	0.427	259,919	3,913,906	
14	13.5	2,442,751	1,469,468	973,283	(95,248)	878,035	364,298	513,737	174,000	164,000	2,559	611,417	0.399	246,954	4,160,860	
15	14.5	2,552,677	1,531,327	1,021,350	(94,172)	927,178	384,728	542,450	178,000	168,138	4,191	646,720	0.372	238,446	4,399,306	
16	15.5	2,590,967	1,555,082	1,035,885	(93,244)	942,641	391,098	551,543	181,479	171,004	2,554	653,999	0.348	227,404	4,626,710	
17	16.5	2,629,432	1,579,111	1,056,321	(92,431)	963,890	397,519	566,371	185,121	174,980	2,529	661,013	0.325	216,829	4,843,539	
18	17.5	2,669,179	1,603,956	1,065,223	(91,639)	973,584	403,991	569,593	189,136	178,484	2,301	668,563	0.304	206,513	5,050,052	
19	18.5	2,709,214	1,628,949	1,080,265	(90,871)	989,394	410,517	578,877	193,130	182,079	2,480	676,363	0.284	196,438	5,243,614	
20 and beyond	19.5	2,811,217	1,697,454	1,113,763	(90,199)	1,023,564	417,983	605,581	196,888	185,787	4,621	701,429	0.270	1,101,943	6,345,557	

Age  
PW(Age) = 1 / (1 + Discount Rate)<sup>Age</sup>  
PW for Perpetuity = 1 / (Discount Rate)  
PW(accumulated) = PW for Perpetuity \* PW Factor<sub>Age</sub>

Based on the above described discounted cash flow analysis, the Income Approach to value of the Sadsbury's wastewater property and its operations was determined to be \$8,763,602.

**Market Approach**

The market or comparable sales approach to value looks to market sales of comparable properties in order to arrive at value. In this appraisal, the market approach was addressed from a comparable sales approach of Pennsylvania wastewater systems and market value to book value ratios based on investor owned water utilities financial performance as reported in Value Line Investment Survey.

Market Sales – In the comparable sale market approach the sales of Pennsylvania municipal wastewater systems to investor owned water/wastewater utilities were used to insure comparability. As the purpose of this appraisal is to define the value of Sadsbury's waste water utility under Section 1329 of the PA CS the market comparable sales were limited to sales subsequent to the passage of Section 1329 in 2016. The sale

of the City of McKeesport, Pennsylvania wastewater system to Pennsylvania American Water (announced September 9 2016) and the sale of New Garden Township's sewer utility to Aqua Pennsylvania, Inc. (August 2016) were analyze in relationship to those properties' depreciated original cost (Market Approach tab).

Financial Market Ratios – In the market approach based on market financial ratios the market data of companies (nine) in the water/wastewater industry as reported in Value Line Investment Surveys.(January 2017) were analyzed. In the analysis the companies' stock (market) and debt (book value) per share are compared as a ratio to the book investment value per share.

The following table summarizes both the comparable sales and financial market ratio analysis and the Market Approach conclusion of this appraisal:

**Pennsylvania American Water Company**  
**Sadsbury Township Wastewater Utility**  
**Wastewater**  
**Potential Purchaser: Investor-Owned Utility**  
**As of January 1, 2017**

**Market Approach Summary**  
**Revised: 6-21-2017**

Comparable Sales	Purchase Price to	Purchase Price	Purchase Price	Average
	Original Cost (Book	to Financials		
	Value)	(Net Book		
		Value)		
New Garden	1.59	1.64	0.96	
McKeesport	2.02	2.19	1.03	
Mean	1.81	1.92	1.00	
	Market Value per Share to Book Value per Share			
Financial Markets				
Market to Book (equity)	2.79			American 2.48 Aqua 2.87
Market to Book (equity and debt)	1.96			1.64 1.93
Minimum	1.59	1.64	0.96	
Mean	2.09	2.21	1.02	
Median	1.99	2.07	1.00	
Maximum	2.79	2.79	1.03	
Market Conclusion				
Use	2.00	2.10	1.00	Average
Sadsbury	5,540,079	6,916,575	8,517,587	
Market to Book Ratio	2.00	2.10	1.00	
Market Value	11,080,158	14,524,808	8,517,587	11,374,184
Use	11,374,184			

The market approach conclusion of this appraisal was determined to be \$11,374,184.

Cost Approach Revisited – Before concluding this appraisal's fair market value the preliminary cost approach conclusion of \$8,517,587 needs to be reviewed in light of the above described income and market analyses in order to evaluate if external obsolescence exists in the preliminary replacement cost new less depreciation conclusion. The appraisal literature in regards to developing a cost approach states:

"The last step in the implementation of the cost approach is to estimate *economic obsolescence*. Economic obsolescence (sometimes called "external obsolescence") has been previously defined as the loss in value or usefulness of a property caused by factors external to the asset. These factors include increased cost of raw materials, labor, utilities (without an offsetting increase in product price); reduced demand for the product; increased competition; environmental or other regulations; or similar factors.

The difficulty in measuring the full effect of economic obsolescence is one of the weaknesses of the cost approach. Because economic obsolescence is usually a function of outside influences that affect an entire business (i.e., all tangible and intangible assets) rather than individual assets or isolated groups of assets, it is sometimes measured using the income approach or by using the income approach to help identify the existence of economic influences on value. However, the cost approach can be used to measure some forms of economic obsolescence."<sup>7</sup>

The above described income approach value conclusion of \$8,574,610 and the market approach conclusion of \$8,642,523 for the Sadsbury's future wastewater system compared to the preliminary cost approach conclusion of \$8,517,587 indicates no significant external obsolescence exists in the cost approach conclusion of \$8,517,587.

#### Value Conclusion

The Fair Market Value of Sadsbury's wastewater property, plant and equipment and its operation was determined to be \$8,910,000 as follows:

---

<sup>7</sup> Valuing Machinery and Equipment; The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, pp. 96-97.

**Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
As of January 1, 2017**

**Fair Market Value Appraisal**

**Revised: 6-21-2017**

	Investor-owned Utility	Weight	Wtd Value Indicator
<b>Cost Approach</b>			
Depreciated Replacement Cost New	\$ 8,517,587	50%	4,258,794
Depreciated Original Cost	6,128,876		
Net Book Financials	6,916,575		
<b>Income Approach</b>			
Investor-Owned Utility	8,783,602	40%	3,513,441
<b>Market Approach</b>			
Investor-Owned Utility	11,374,184	10%	1,137,418
<b>Appraisal Conclusion</b>			<b>8,909,653</b>
<b>Appraisal Conclusion</b>	<b>8,910,000</b>		

As the purpose of this appraisal was to fulfill the requirements of Section 1329 of the PA CS in the establishment of value for rate making of Sadsbury's property, plant and equipment the cost approach conclusion of \$8,517,587 is consistent with the purpose of the appraisal. This cost approach conclusion is detailed (Cost Approach tab of this report). As the cost approach work papers details our value conclusion by National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA) for the wastewater industry account classifications and the installation year of the property this detail can be used to establish the booked value for future accounting and rate making.

## PURPOSE AND SCOPE OF WORK

The purpose of this appraisal of Sadsbury, Pennsylvania's wastewater utility is the determination of the fair market value of the property plant and equipment of Sadsbury wastewater utility. The report was prepared based on the 2016-2017 Uniform Standards of Professional Practices (USPAP) and is intended to meet the criteria established with Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes (PA CS) Paragraph 1329: Valuation of acquired water and wastewater systems, collectively referred to as Act 12 of the 2016 Pennsylvania legislative session (Act 12). The intended users of this appraisal are Pennsylvania American Water Company and Pennsylvania Public Utility Commission.

The value established in this appraisal was based on the definition of Market Value as:

*"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." The Appraisal of Real Estate, 14<sup>th</sup> Edition, page 58.*

In conducting this appraisal, we utilized several sources of data:

- Annual (year-end) Sadsbury, Pennsylvania wastewater operational financial statements cover the period 2014 through 2015 results.
- The Herbert E. MacComble, Jr., PE consulting Engineers and Surveyors, Inc. Sadsbury, Pennsylvania wastewater facilities' inventory at January 2017.
- The Handy-Whitman (water industry) Index of Public Utilities Construction Costs for northeastern United States, AUS Consultant General Plant Cost Indexes for the period 1946 through January 1, 2017, and various cost indexes published by the United States Bureau of Labor Statistics (US BLS).

- **We interviews and discussions with Pennsylvania American Water Company personnel.**

**In preparing this fair market value appraisal of the Sadsbury, Pennsylvania's wastewater system property, plant and equipment, and its operations, the cost, income, and market approaches to value were considered. Primary reliance was placed on the cost approach for the property, plant and equipment, with the income approach and market approaches being utilized to confirm the overall value of the sewer system's operation. A detailed explanation of each approach to value is included below in the section "Appraisal Procedures and Results".**

**WATER/WASTEWATER INDUSTRY NATIONALLY AND IN PENNSYLVANIA**  
**AND**  
**SADSBURY PENNSYLVANIA WASTEWATER FACILITIES**

**Water/wastewater Industry**

The water and wastewater industry in the United States consist of both municipal authorities (literally thousands) and private investor owned companies. Of the investor owned there are nine which are large enough to be tracked by Value Line Investment Surveys, of which, two are major players in the northeast portion of the United States, American Water Works Company, Inc. and Aqua America, Inc. American and Aqua have been particularly active in the acquisition of municipal water and wastewater authorities as such in this appraisal these two were reviewed as being indicative of the industry's financial and operating performance.

**Pennsylvania Water / Wastewater Industry**

The water and wastewater industry in Pennsylvania also consists of both municipal and investor owned systems. Over last several years the need for infrastructure improvements has lead the Pennsylvania legislature to pass legislation facilitating the acquisition of municipal water and/or wastewater authorities' systems to private investor owned rate regulated companies such as American Water and Aqua America. This legislation, Act 12 of the Pennsylvania legislator's 2016 legislative session (Act 12). The Act 12 legislation added a section (1329) modifying Title 66 (Public Utilities) of the Pennsylvania Consolidated Statues (PA CS) adding Section 1329: Valuation of acquired water and wastewater systems (see Act 12 tab), collectively referred to as Act 12. This appraisal was developed to meet the valuation criteria established by Section 1329 in the valuation of acquired water and wastewater systems.

Sadsbury Township, Pennsylvania's Wastewater Facilities, its Property and Operations<sup>8</sup>

Sadsbury Township, Pennsylvania ("Township") provides sanitary sewer service to customers located in a portion of Sadsbury Township, Chester County, Pennsylvania. The Township began providing sanitary sewer service to residents and business of the Township in 1999 after the construction of a sanitary sewer collection and conveyance trunk line through the eastern portion of the Township. Sadsbury Township's population as determined by the 2010 census was 3,570 residents. The population was estimated at 3,729 residents in 2015 by the Delaware Valley Regional Planning Commission's "Regional and County Population Forecast 2015-2040." Based upon the latest records used for billing the Sadsbury Sanitary Sewer System has a total of 998 customers. Included in that number are 14 residences, which are not connected to the system but have sewer available to them. Sadsbury Township has Nine Hundred and Forty-Eight (948) residential customers, of which 240 are on private wells. Sadsbury Township has Forty-Eight (48) commercial customers, of which 11 are on private wells. One of the commercial customers on a private well is the Lincoln Crest Mobile Home Park. There are two customers on the Township billing records, which were not classified as either commercial or residential.

**OVERVIEW OF SADBURY TOWNSHIP SANITARY SEWER FACILITIES**

The Sadsbury Township Sanitary Sewer System is comprised of the service area within the Township. In order to make the implementation of sanitary sewer service more economically feasible to the residents the 1998 Act 537 revision to the Official Sewage Facilities Plan for Sadsbury Township presented a phased approach consisting of four phased areas with several sub-phases. The four phases included:

**1. Pomeroy Area**

Phase 1A      Completed December 2000  
The area North of Valley Road, South of the Amtrak/Conrail  
Railroad from Buck Run East to the Township Line.

---

<sup>8</sup> Extracted from Engineer's Assessment

Phase 1B Completed August 2005  
The area South of Valley Road from Buck Run East to the Township Line.

**2. Sadsburyville Area**

Phase 2A Completed December 2007  
Township The area North of the U.S. Route 30 Bypass, East to the Line.

Phase 2B Completed December 2004 & July 2009  
The area South of the U.S. Route 30 Bypass to a point South of Business Route 30, from Morris Lane West to Octorara Road.

**3. Pomeroy Heights Area**

Phase 3A Completed August 2005  
Washington Lane The area including Washington Lane, Lincoln Avenue and those properties along Old Wilmington Road North of to a point just North of Lincoln Avenue.

Phase 3B Completed July 2009  
Road. The area South of Washington Lane extending to the North side of the Amtrak/Conrail Railroad, West to Old Wilmington Road.

1-2

**4. Area West of Pomeroy**

Phase 4 Completed September 2011  
West of Buck Run in close proximity to Valley Road west to Shamrock Drive.

The connection of the four phased areas was made possible by the construction of Sadsbury Sewer Corporation (SSC) Collection and Conveyance System, Main Interceptor, Pump Station and Force Main. SSC was a private group of investors formed to develop a sewer collection system to serve a number of large properties East of the Buck Run. After much deliberation between the representatives of SSC and Sadsbury Township, the alignment of the SSC Collection and Conveyance System, Main Interceptor, Pump Station and Force Main was determined. The SSC collection and conveyance system consisted of two trunk lines. The Easterly trunk provides sewer

service to an area comprised predominantly of industrial lands primarily in the easterly portion of the Township. The line generally runs south along Old Wilmington Road and Southwesterly along Quarry Road. The Westerly trunk line provides sewer service to the Sadsburyville area and runs southwesterly along the East side of the Buck Run. The two trunk lines are connected to the Main Interceptor, which generally follows the Buck Run beginning in the vicinity of the intersection of Greenbelt Drive and Quarry Road. The interceptor extends southward, crossing under the Amtrak/Conrail Railroad tracks into the Bert Reel Park. The line continues through the park turning east towards Old Wilmington Road then continuing south generally along Old Wilmington Road and Valley Road through easements. The interceptor crosses Valley Road near Timicula Road and connects with the Main Pump Station along the southwesterly side of Timicula Road south of Valley Road. The Main Pump Station situated known as the "Stottsville Pump Station" has two alternating pumps with a rated capacity of 700 GPM each.. From the pump station, a force main extends northeasterly through easements and within road rights-of-way to the discharge point in the Pennsylvania American Parkesburg Interceptor at a gravity manhole located within the cartway of Valley Road near Newport Road. An additional gravity sewer is located along Olive Alley and Penn Street and is connected to a Pennsylvania American trunk line within Valley Road just east of the Sadsbury Township–Valley Township Boundary Line. Sewage generated from the Sadsbury Township Sewer Service Area is treated at the Pennsylvania American Water Coatesville Wastewater Treatment Plant.

In addition to the four phases of the service area completed by the Township to serve the existing residences, several residential developments have been completed and sanitary sewers dedicated to the Township. They include:

1. Lincoln Crest            The Lincoln Crest development contains approximately 125 units, which are largely mobile homes. The development is located along the northerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville portion of the service area. The collection system is private with a single point of entry to the westerly SSC trunk line along the northerly side of Business Route 30.
2. Quarry Ridge            The Quarry Ridge Development contains approximately 158 detached single family homes and is located along the westerly side of Old Wilmington Road and the southerly side of Quarry

Road. The development has a gravity sewer system which connects to the easterly SSC trunk line within the cartway of Quarry Road.

3. **Sadsbury Village** The Sadsbury Village Development contains approximately 146 attached townhouses and is located along the southerly side of Business Route 30 west of Old Wilmington Road in the Sadsburyville section of the Township. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the west of the development.
  4. **Octorara Glen** The Octorara Glen Development contains approximately 43 detached single family homes and is located on the southeasterly side of Octorara Road north of the Buck Run. The development has a gravity sewer system which connects to the westerly SSC trunk line through easements to the east.
  5. **Sadsbury Park** The Sadsbury Park Development is a multi-phased subdivision and land development currently under construction in the Township. The Development contains a mix of housing types, including detached single family homes and townhouses. The development has been partially completed with 30 detached single family homes and 63 townhouse units of the total 445 approved units. The extensive gravity sewer system has not yet been completed or accepted by the Township. The system drains through easement to the easterly SSC trunk line.
- 1-4
6. **Sadsbury Crossing** The Sadsbury Crossing Development contains approximately 19 detached single family homes and is located in the southwestern portion of the Township. The development has gravity sewer service which is connected to the Pennsylvania American system through easements to the Borough of Parkesburg collection system.

The flow generated from several commercial and industrial developments is collected in sanitary sewer lines not yet dedicated to the Township. Flow generated from the Bellaire Industrial Park located in the eastern portion of the Township south of Business Route 30 and west of Washington Lane containing approximately 10 commercial and industrial facilities and flows westerly towards Old Wilmington Road from the Industrial Park into the Easterly SSC trunk line. Flow generated from the five (5) light industrial and commercial sites within the Morris Farm Industrial Park is collected in a sanitary sewer system which is not dedicated to the Township and flows south across Business Route 30 into the Bellaire Industrial park system.

The Cowan Estates Development located along the southerly side of Business Route 30 has a capped sewer system. Although the improvements have been dedicated to the Township, the system has not yet been connected to the public sewer conveyance line.

## APPRAISAL PROCEDURES AND RESULTS

The purpose of this appraisal of Sadsbury Township, Pennsylvania's wastewater system is the determination of the fair market value of the wastewater's property plant and equipment as of January 1, 2017. The report was prepared based on the 2016-2017 Uniform Standards of Professional Practices (USPAP) and is intended to meet the criteria established with Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes (PS CS) Section 1329: Valuation of acquired water and wastewater systems, collectively referred to as Act 12 of the Pennsylvania legislator's 2016 legislative session (Act 12). The intended users of this appraisal are New Pennsylvania American Water Company and Pennsylvania Public Utility Commission.

The value established in this appraisal was based on the definition of Market Value as:

*"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." The Appraisal of Real Estate, 14<sup>th</sup> Edition, page 58.*

In conducting this appraisal, we utilized several sources of data:

- Annual (year-end) Sadsbury Township, Pennsylvania wastewater operational financial statements cover the period 2014 through 2015.
- The Herbert E. MacCombie, Jr., PE Consulting Engineers & Surveyors, Inc.: Sadsbury, Pennsylvania wastewater facilities' Original Cost Study at January 1, 2017.
- The Handy-Whitman (water industry) Index of Public Utilities Construction Costs for northeastern United States, AUS Consultant General Plant Cost Indexes for the period 1946 through January 1, 2017, and various cost indexes published by the United States Bureau of Labor Statistics (US BLS).

- We conducted interviews and discussions with Pennsylvania American Water company personnel.

In preparing this fair market value appraisal of the Sadsbury's wastewater system's property, plant and equipment, and its operations; the cost, income, and market approaches to value were considered. Primary reliance was placed on the cost approach for the property, plant and equipment, with the income approach and market approaches being utilized to confirm the overall value of the sewer system's operation. Detailed explanation of each approach to value is included below.

**Cost Approach** - The philosophy in the cost approach to value is that the maximum value of a property is established by the cost to acquire or build a similar property. In this appraisal, the cost approach to value was analyzed using reproduction/replacement cost approach.

Reproduction cost and replacement cost are defined as:

**Reproduction cost** – "The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the [property] being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject [property]."<sup>9</sup>

**Replacement cost** – "The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the [property] being appraised using modern materials and current standards, design and layout."<sup>10</sup>

In the wastewater industry the property's reproduction costs and replacement costs are quite similar; therefore, the property's cost new was determined based on its replacement cost new.

The trended original cost method was utilized in preparing the replacement cost new. "Trending is a method of estimating a property's replacement cost new in which an *index* or *trend factor* is applied to the property's *historical cost* to convert the known cost into

---

<sup>9</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition, Page 385

<sup>10</sup> *ibid*

an indication of current cost. Simply put, trending reflects the movement of price over time."<sup>11</sup> In the trended original cost method, Sadsbury's investment in wastewater plant and equipment is restated to costs reflective of the appraisal date, by the application of cost trends to the property's original investment. AUS Consultants utilized the Engineer's Assessment performed by Herbert E. MacCombie, Jr., PE Consulting Engineers and Surveyors, Inc. (Engineer's Assessment tab) as the starting point of the Cost Approach. Utilizing the Engineer's Assessment of Sadsbury's original cost in property, plant and equipment AUS Consultants developed the plant's depreciated original cost at January 1, 2017 (Property Record (Original Cost) and Depreciated Original Cost tabs).

The cost trends are applied to each of the various investment categories (plant accounts) by original year of placement for that investment. The cost indexes used in these studies were the Handy-Whitman Index of Public Utility Construction Costs for the water industry of the northeastern region of the United States, AUS Consultants of General Plant Indexes, and various United States Bureau of Labor Statistics (US BLS) indexes. The following table presents the development of the cost approach for a portion of account 361 Collection Mains (this example will be used to describe the entire cost approach:

---

<sup>11</sup> Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Page 59

Pennsylvania American Water Company  
 Sadsbury Township Wastewater Utility  
 Wastewater  
 Potential Purchaser: Investor-Owned Utility  
 January 1, 2017

Development of Cost New (RCN)

(1)	(2)	(4)	(6)	(16)	(17)	(18)	(19)	(20)
Account	Description	Year	Original Cost	Cost Trend		Cost		
				Reference	Year Index	Spot Index	Translator	Cost New
HEM Input	HEM Input	HEM Input	HEM Input	Account Parameters Lookup	Cost Index Lookup R(Cols. (16) & (4))	Cost Index Lookup R(Cols. (16) & (2017))	Col. (18)/(17)	Col. (6)*(19)
Account	Description	Year	OC	Cost Trend Reference	Year Index	Spot Index	Translator	RCN
361	Collection Sewers - Gravity	1999	\$100,632	HWW-143	183.3	337.6	1.842	185,364
361	Collection Sewers - Gravity	1999	\$34,146	HWW-143	183.3	337.6	1.842	62,897
361	Collection Sewers - Gravity	1999	\$179,433	HWW-143	183.3	337.6	1.842	330,516
361	Collection Sewers - Gravity	1999	\$35,000	HWW-143	183.3	337.6	1.842	64,470
361	Collection Sewers - Gravity	1999	\$10,400	HWW-143	183.3	337.6	1.842	19,157
Subtotal			\$359,611					662,404

Using the trended original cost method, Sadsbury's investment in this example of account 361 Collection Mains of \$359,611 was determined to have a replacement cost new of \$662,404. When the trended cost method is applied to each of Sadsbury's investment in plant, property and equipment of \$7,480,601 was determined to have a replacement cost new of \$10,652,193.

Replacement Cost New less Depreciation - The reproduction cost described above reflects the cost of new property; however, the Sadsbury's wastewater system property is not new and has experienced normal depreciation and potentially functional and or economic obsolescence. These various forms of depreciation are defined as follows:

Normal depreciation/deterioration, akin to physical deterioration, is "loss in value caused by wear, tear, age and use."<sup>12</sup>

Functional obsolescence is "the loss in value or usefulness of a property caused by inefficiencies or inadequacies of the property itself, when compared to a more

<sup>12</sup> The Dictionary of Real Estate Appraisal, 4<sup>th</sup> Edition

efficient of less costly replacement property that new technology has developed."<sup>13</sup>

Economic, or external, obsolescence is defined as "A loss in value caused by factors outside a property"<sup>14</sup> and is most often indicated by insufficient earning.

Based on our experience in regard to: water and wastewater depreciation studies and our analysis of Sadsbury's wastewater system operating performance: Sadsbury's property experiences normal depreciation but not any significant functional or economic obsolescence (see Income Approach).

In order to ascertain the service lives of the various types of Sadsbury's property, plant and equipment, we considered AUS Consultants' past water and wastewater depreciation studies, interviews with Pennsylvania American's personnel, and documents provided by Sadsbury's. Through our experience and the above described interviews the following normal depreciation parameters of survival/retirement characteristics and service lives were determined for Sadsbury's wastewater utility property:

---

<sup>13</sup> Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Page 67.

<sup>14</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition, page 442.

NARUC Account	Property Description Account Description	Depreciable / Non- depreciable	Survivor - Retirement Characteristics	Depreciation				Economic Obsolescence
				Physical Life	Functional Life	Minimum Condition		
	351 Organizations	Non-depreciable	50.0	100	100	100%		0%
	352 Franchises	Non-depreciable	50.0	100	100	100%		0%
	353 Land & Land Rights	Non-depreciable	50.0	100	100	100%		0%
	353.1 Land Improvements	Depreciable	44.0	45	45	10%		0%
	354 Structures & Improvements	Depreciable	44.0	45	45	10%		0%
	354.3 Structures & Improvements - Pump Stations	Depreciable	44.0	45	45	10%		0%
	354.4 Structures & Improvements - Treatment Plants	Depreciable	44.0	45	45	10%		0%
	355 Power Generating Equipment	Depreciable	43.0	35	35	10%		0%
	360 Collection Sewers - Force	Depreciable	43.0	65	65	10%		0%
	361 Collection Sewers - Gravity	Depreciable	43.0	70	70	10%		0%
	362 Special Collection Structures	Depreciable	43.0	75	75	10%		0%
	363 Services to Customers	Depreciable	43.0	55	55	10%		0%
	364 Flow Measuring Devices	Depreciable	43.0	35	35	10%		0%
	365 Flow Measuring Installations	Depreciable	43.0	35	35	10%		0%
	366 Reuse Services	Depreciable	43.0	45	45	10%		0%
	367 Reuse Meters & Meter Installations	Depreciable	43.0	35	35	10%		0%
	370 Receiving Wells	Depreciable	44.0	45	45	10%		0%
	371 Pumping Equipment	Depreciable	43.0	35	35	10%		0%
	374 Reuse Distribution Reservoirs	Depreciable	44.0	55	55	10%		0%
	375 Reuse Transmission & Distribution System	Depreciable	44.0	65	65	10%		0%
	380 Treatment & Disposal Equipment	Depreciable	43.0	45	45	10%		0%
	381 Plant Sewers	Depreciable	44.0	65	65	10%		0%
	382 Outfall Sewer Lines	Depreciable	44.0	65	65	10%		0%
	389 Other Plant & Miscellaneous Equipment	Depreciable	43.0	45	45	10%		0%
	390.1 Furniture	Depreciable	43.0	22	22	10%		0%
	390.2 Office Equipment	Depreciable	43.0	12	12	10%		0%
	390.3 EDP Equipment	Depreciable	43.0	8	8	10%		0%
	391 Transportation Equipment	Depreciable	43.0	12	12	10%		0%
	392 Stores Equipment	Depreciable	43.0	35	35	10%		0%
	393 Tools, Shop, & Garage Equipment	Depreciable	43.0	25	25	10%		0%
	394 Laboratory Equipment	Depreciable	43.0	25	25	10%		0%
	395 Power Operated Equipment	Depreciable	43.0	18	18	10%		0%
	396 Communications Equipment	Depreciable	43.0	12	12	10%		0%
	396.1 Communications Equipment	Depreciable	43.0	12	12	10%		0%
	396.2 SCADA Systems	Depreciable	43.0	12	12	10%		0%
	397 Miscellaneous Equipment	Depreciable	43.0	35	35	10%		0%
	398 Other Tangible Plant	Depreciable	43.0	35	35	10%		0%

Normal Depreciation – The extent of the depreciation in the property was evaluated using age-life depreciation techniques. In age-life depreciation, the property's depreciation or condition is estimated using the following formula:

$$\text{Depreciation (\%)} = \frac{\text{Age (years)} \times 100\%}{\text{Service Life (years)}}$$

$$\text{Condition (\%)} = \frac{\text{Remaining Life (years)} \times (100\%)}{\text{Service Life (years)}}$$

where: the property's Service Life = Age + Remaining Life

When the above depreciation lives are used to quantify the property's depreciation is applied to the replacement cost new of the example account 361 Collection Mains of \$662,404 the replacement cost new less depreciation was determined to be \$498,326.

Pennsylvania American Water Company  
 Sadsbury Township Wastewater Utility  
 Wastewater  
 Potential Purchaser: Investor-Owned Utility  
 January 1, 2017

Development of Cost New less Depreciation (RCNLD)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Account	Description	Service Date	Cost New	Asset Survival / Retirement Curve	Service Life	Age	Age as % of Service Life	Asset Lossage	Asset Condition	Remaining Life Expectancy	Total Life	Condition Percent	Cost New less Depreciation		
RCN	RCN	RCN	RCN	Asset Population Curve	Asset Population Curve	RCN	RCN	RCN	RCN	RCN	RCN	RCN	RCN		
Account	Description	Year	RCN	Asset Survival / Retirement Curve	Life	Age	Age	Asset Lossage	Asset Condition	Service Life	Total Life	Condition Percent	RCNLD		
361	Collection Sewers - Gravity	1999	585,864	83.0	70	17.5	25	83,0025	0.75917	53.14	70.64	75.12%	129,499		
361	Collection Sewers - Gravity	1999	42,897	83.0	70	17.5	25	83,0025	0.75917	53.14	70.64	75.12%	47,317		
361	Collection Sewers - Gravity	1999	330,116	83.0	70	17.5	25	83,0025	0.75917	53.14	70.64	75.12%	248,847		
361	Collection Sewers - Gravity	1999	64,470	83.0	70	17.5	25	83,0025	0.75917	53.14	70.64	75.12%	48,102		
361	Collection Sewers - Gravity	1999	15,157	83.0	70	17.5	25	83,0025	0.75917	53.14	70.64	75.12%	14,417		
Subtotal			662,484										490,226		

When the above depreciation lives are used to quantify the property's depreciation is applied to each of Sadsbury's investment in plant, property and equipment the replacement cost new (RCN) of \$10,652,193 the resultant RCN less depreciation (RCNLD) was found to be \$8,517,587 detailed as follows:

Pennsylvania American Water Company  
 Sadsbury Township Wastewater Utility  
 Wastewater  
 Potential Purchaser: Investor-Owned Utility  
 January 1, 2017

Account	Account Description	Original Cost	OC less Depreciation	Replacement cost New	RCN less Depreciation
<b>Plant In Service</b>					
353	Land & Land Rights	18,343	18,343	25,235	25,235
354	Structures & Improvements - Pump Station	152,560	93,461	298,865	183,085
355	Power Generating Equipment	40,000	20,732	58,880	30,518
360	Collection Mains - Force	92,500	67,840	170,385	124,960
361	Collection Mains - Gravity	5,668,395	4,706,722	7,984,952	6,534,161
363	Services	546,316	432,822	842,151	659,483
364	Flow Meters	98,731	83,541	125,321	97,580
371	Pumping Equipment	225,000	116,618	479,025	248,279
<b>Total Plant In Service</b>		<b>6,841,845</b>	<b>5,540,079</b>	<b>9,984,814</b>	<b>7,903,301</b>
<b>Plant not Dedicated to Service</b>					
361	Collection Mains - Gravity	584,547	537,817	608,595	559,253
363	Services	54,209	50,980	58,784	55,033
<b>Total Plant not Dedicated to Service</b>		<b>638,756</b>	<b>588,797</b>	<b>667,379</b>	<b>614,286</b>
<b>Total Plant</b>		<b>7,480,601</b>	<b>6,128,876</b>	<b>10,652,193</b>	<b>8,517,587</b>

The preliminary cost approach to value of Sadsbury's wastewater utility property was found to be \$8,517,587.

## **Income Approach**

The income approach to value establishes the value of the property based on its economic returns. There are two generally accepted procedures in performing an income analysis: the direct capitalization of anticipated income, and the discounted cash flow procedures.

In the direct capitalization approach, anticipated earnings are capitalized directly into value using a market-required return. Sadsbury's wastewater operation will be moving from a municipal operation, wherein economic returns are not the primary objective of the operation to a private (investor owned) rate regulated sewer utility operation in which economic returns are one of the objectives of the operation; therefore, the direct capitalization of earnings approach was not utilized in this appraisal.

In the discounted cash flow (DCF) approach, the property's economic returns are forecast for future periods. The cash flows (after-tax debt-free cash flows) from operations are discounted to the appraisal date using a market derived discount resulting in the DCF approach's income indicator of value. Use of the DCF approach allows the appraiser to address the property's historical operating experience and its migration, in future periods, to an operation as a rate regulated operation; thus making the DCF approach preferable.

In preparing this appraisal's DCF analysis first the results from Sadsbury's wastewater utility's operations was evaluated based on an analysis of historical operating performances over the period 2014 through 2015 (Income Approach tab). In the analysis of the operating statistics such as revenues and their growth, various operating expenses those expenses were stated as function of their typical drivers (revenues, plant investment, income from operations, etc). Details provided in Income Approach tab. Second, similar operating statistics were developed from public investor-owned water/wastewater utilities. Using the above described analyses the results of future periods operations were forecast based on the migration of Sadsbury's historical operations type experience over time to operations of the Sadsbury's wastewater operation similar to a public investor-owned water/wastewater utilities. These forecasts are detailed in the Income Approach tab.

Finally the resultant cash flows from future period operations of the Sadsbury's wastewater system were discounted to the appraisal date using a discount market derived discount rate for a public investor-owned water/wastewater utility (Income Approach Tab – Cost of Capital / Required Return section). The following table presents the results of the discounted cash flow analysis:

**Pennsylvania American Water Company**  
**Embury Township Wastewater Utility**  
**Wastewater**  
**Potential Purchaser: Investor-Owned Utility**  
**As of January 1, 2017**  
**Discounted Cash Flow Analysis**

Discount Rate		7.85% to 10.50%															
Capitalization Rate		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Period	Age	Revenue	Operating Expenses	Income from Operations	Non-Operating Income (Expense)	Income Before State and Federal Taxes	State and Federal Taxes @ 41.49%	After Tax Income	Non-Cash Expense (Depreciation)	Capital Contributions	Change in Working Capital	Debt-Free Net Cash Flow	Present Worth (PW)	PW of Cashflow	Accumulated PW of Cashflows		
Age	Age	Revenue	Expenses	Income	Income	Income	Taxes	Income	Expense	Contribution	Change	Net Cash Flow	Present Worth	PW of Cashflow	Accumulated PW of Cashflows		
1	0.5	1,334,648	799,484	445,064	(117,074)	227,990	326,063	151,927	126,174	177,200	-	126,174	116,053	0.967	206,405	206,405	
2	1.5	1,497,976	832,898	567,120	(114,632)	452,488	327,737	264,751	137,069	126,728	14,879	149,648	122,728	0.929	376,267	582,672	
3	2.5	1,532,676	947,833	584,843	(112,542)	462,301	391,651	270,652	140,618	132,987	2,633	143,251	132,987	0.943	327,708	910,380	
4	3.5	1,545,519	942,443	583,076	(110,555)	472,521	395,964	276,353	143,423	125,620	2,535	145,958	125,620	0.938	302,463	1,212,843	
5	4.5	1,508,290	1,180,442	327,848	(106,430)	221,418	346,823	174,595	146,363	137,246	14,089	160,452	146,363	0.746	120,409	1,333,252	
6	5.5	1,027,794	1,117,674	70,120	(104,651)	65,469	254,172	132,797	149,268	140,516	2,614	151,882	149,268	0.638	320,379	1,653,631	
7	6.5	1,054,702	1,135,162	79,540	(104,656)	64,884	254,662	133,591	151,189	141,942	2,668	153,857	151,189	0.642	302,265	1,955,896	
8	7.5	2,067,994	1,251,286	816,708	(103,176)	715,532	294,953	410,579	153,223	146,227	11,795	165,022	153,223	0.680	128,729	2,084,625	
9	8.5	2,098,034	1,370,897	727,137	(101,688)	725,449	301,441	424,008	154,340	149,179	2,635	166,819	154,340	0.680	298,654	2,383,279	
10	9.5	2,199,670	1,396,925	802,745	(100,187)	702,558	319,143	383,415	151,496	152,172	3,723	165,218	151,496	0.624	290,232	2,673,511	
11	10.5	2,196,068	1,402,228	793,840	(98,745)	695,095	344,223	350,872	154,724	135,215	8,665	169,439	154,724	0.629	287,799	2,961,310	
12	11.5	2,171,097	1,416,699	754,398	(97,497)	656,901	353,266	303,635	158,000	138,263	2,636	160,666	158,000	0.637	276,796	3,238,106	
13	12.5	2,046,632	1,446,906	600,726	(96,312)	504,414	358,231	146,183	171,000	161,547	2,392	163,492	161,547	0.627	259,529	3,497,635	
14	13.5	2,042,732	1,468,468	574,264	(95,248)	479,016	364,208	114,808	174,000	164,820	2,339	166,131	174,000	0.620	246,858	3,744,493	
15	14.5	2,532,677	1,531,227	1,001,450	(94,171)	907,279	384,728	522,551	176,268	168,118	6,152	182,720	176,268	0.672	228,248	4,000,000	
16	15.5	2,990,957	1,555,092	1,435,865	(93,264)	1,342,601	391,537	951,064	183,779	171,584	2,594	186,373	183,779	0.748	177,244	4,177,244	
17	16.5	3,628,831	1,578,332	2,050,500	(92,397)	1,958,103	397,519	1,560,584	185,521	174,960	2,529	188,481	185,521	0.825	114,820	4,292,064	
18	17.5	2,689,279	1,603,954	1,085,325	(91,450)	993,875	399,707	594,168	189,218	176,404	2,043	191,262	189,218	0.904	321,813	4,613,877	
19	18.5	2,798,218	1,628,969	1,169,249	(90,513)	1,078,736	399,436	679,300	192,020	182,879	2,480	194,500	192,020	0.984	121,626	4,735,503	
20 and beyond	19.5	2,831,137	1,677,454	1,153,683	(90,199)	1,063,484	412,983	650,501	198,958	185,247	6,523	194,425	198,958	0.770	1,505,981	6,241,484	

Age  
PW(Age) = LF1 / Discount Rate \* PW  
PW to Perpetuity = LF / Capitalization Rate  
PW (Total Asset) = PW to Perpetuity + PW Factor<sub>20-25</sub>

Based on the above described discounted cash flow analysis, the Income Approach to value of the Sadsbury's wastewater property and its operations was determined to be \$8,574,610.

**Market Approach**

The market or comparable sales approach to value looks to market sales of comparable properties in order to arrive at value. In this appraisal, the market approach was addressed from a comparable sales approach (Pennsylvania wastewater systems) and

market value to book value ratios based on investor owned water utilities reported in Value Line Investment Survey.

**Market Sales** – In the comparable sale market approach the sales of Pennsylvania municipal wastewater systems to investor owned water/wastewater utilities were used to insure comparability. The sale of the City of McKeesport, Pennsylvania wastewater system to Pennsylvania American Water (announced September 9 2016) and the sale of New Garden Township's sewer utility to Aqua Pennsylvania, Inc. (August 2016) were analyze in relationship to those properties' depreciated original cost (Market Approach tab).

Pennsylvania American Water Company  
 Sadsbury Township Wastewater Utility  
 Wastewater  
 Potential Purchaser: Investor-Owned Utility  
 As of January 1, 2017

**Comparable Sales Approach**

**Market Sales Basis**

	OCLD	Net Book Financials	RCNLD
<b>New Garden Statistics</b>			
Purchase Price (Aqua-PA and New Garden)	29,500,000	29,500,000	29,500,000
AUS Depreciated Original Cost 6-30-2016	18,567,728	17,967,319	30,615,410
Purchase to DOC	1.59	1.64	0.96
<b>McKeesport Wastewater System</b>			
Purchase Price (America-PA and McKeesport)	162,000,000	162,000,000	162,000,000
AUS Depreciated Original Cost 3-31-2016	\$ 80,085,602	\$ 73,950,630	156,524,909
Rate Base OCLD	\$ 80,085,602	\$ 73,813,794	
Purchase to DOC	2.02	2.19	1.03

**Financial Market Ratios** – In the market approach based on market financial ratios were based on market data of companies (nine) in the water industry as reported in Value Line Investment Surveys (January 2017) were analyzed. In the analysis the companies' stock (market) and debt (book) per share are compared as a ratio to the book value per share.

Pennsylvania American Water Company  
 Salisbury Township Waterworks Utility  
 Waterworks  
 Potential Purchase: Investor-Owned (PUBCO)  
 January 1, 2017

Comparable Sales Approach

Financial Ratio<sup>1</sup>

	Industry Averages	American States Water	American Water	Aqua America	California Water	Connecticut Water	Consolidated Water	MidWest Water	SPW Corp	York
Price per Share		44.85	72.05	29.98	33.75	55.87	10.85	41.32	55.14	28.3
Book Value per Share		13.7	29.05	10.45	13.55	20.7	9.75	13.5	20.25	8.65
Market to Book Ratio		3.28	2.48	2.87	2.48	2.69	1.11	3.06	2.72	4.43
Minimum	1.11									
Mean	1.79		2.48	2.87						
Median	2.72									
Maximum	4.43									
Debt (Total)		298.2	6,857.0	1,880.5	438.7	205.1	0.5	150.5	439.7	84.6
Outstanding Shares		26.80	178.00	177.80	48.00	11.30	14.80	16.30	20.46	12.87
Debt per share		10.98	38.52	10.6	12.89	18.13	0.03	9.23	21.49	6.57
Market Value per Share (Equity+Debt)		55.83	110.57	40.58	46.84	75.8	10.88	50.55	76.53	44.87
Book Value per Share (Equity+Debt)		24.58	67.57	21.05	26.44	38.83	9.78	22.73	41.74	15.22
Market to Book Ratio		2.27	1.64	1.93	1.76	1.9	1.11	2.22	1.84	2.95
Minimum	1.11									
Mean	1.96		1.64	1.93						
Median	1.9									
Maximum	2.95									

1. Value Line Investment Survey

The following table summarizes both the comparable sales and financial market ratio analysis and the Market Approach conclusion of this appraisal:

**Pennsylvania American Water Company**  
**Sadsbury Township Wastewater Utility**  
**Wastewater**  
**Potential Purchaser: Investor-Owned Utility**  
**As of January 1, 2017**

**Market Approach Summary**  
**Revised: 6-21-2017**

Comparable Sales	Purchase Price to Depreciated Original Cost (Book Value)	Purchase Price to Financials (Net Book Value)	Purchase Price to RCNLD		
New Garden	1.59	1.64	0.96		
McKeesport	2.02	2.19	1.03		
Mean	1.81	1.92	1.00		
	Market Value per Share to Book Value per Share				
<b>Financial Markets</b>				American	Aqua
Market to Book (equity)	2.79			2.48	2.87
Market to Book (equity and debt)	1.96			1.64	1.93
Minimum	1.59	1.64	0.96		
Mean	2.09	2.21	1.02		
Median	1.99	2.07	1.00		
Maximum	2.79	2.79	1.03		
	Value to Depreciated Original Cost (Book Value)	Value to Financial (Net Book Value)	Value to RCNLD	Average	
<b>Market Conclusion</b>					
Use	2.00	2.10	1.00		
Sadsbury	5,540,079	6,916,575	8,517,587		
Market to Book Ratio	2.00	2.10	1.00		
Market Value	11,080,158	14,524,808	8,517,587	11,374,184	
Use	11,374,184				

The market approach conclusion of this appraisal was determined to be \$11,374,184.

Cost Approach Revisited – Before concluding this appraisal's fair market value the preliminary cost approach conclusion of \$8,517,587 needs to be evaluated to determine if external obsolescence exists in the preliminary reproduction cost new less depreciation conclusion. The appraisal literature in regards to developing a cost approach states:

"The last step in the implementation of the cost approach is to estimate *economic obsolescence*. Economic obsolescence (sometimes called "external obsolescence") has been previously defined as the loss in value or usefulness of a property caused by factors external to the asset. These factors include increased cost of raw materials, labor, utilities (without an offsetting increase in product price); reduced demand for the

product; increased competition; environmental or other regulations; or similar factors.

The difficulty in measuring the full effect of economic obsolescence is one of the weaknesses of the cost approach. Because economic obsolescence is usually a function of outside influences that affect an entire business (i.e., all tangible and intangible assets) rather than individual assets or isolated groups of assets, it is sometimes measured using the income approach or by using the income approach to help identify the existence of economic influences on value. However, the cost approach can be used to measure some forms of economic obsolescence."<sup>15</sup>

The above described income approach value conclusion of \$8,574,610 for the Sadsbury's future sewer system and the market approach conclusion of \$8,642,523 compared to the preliminary cost approach conclusion of \$8,517,587 indicates no significant external obsolescence exists in the cost approach conclusion of \$8,517,587. Applying 0% external obsolescence to our example account of 361 Collection Mains Gravity the fair market value was determined as follow:

Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
January 1, 2017

Summary of the Original Cost (OC), OC less Depreciation, Cost New (RCN) and RCN less Depreciation

(1)	(2)	(4)	(6)	(16)	(20)	(30)	(31)	(32)
NARUC Account	Description	Service Date	Original Cost	Original Cost less Depreciation	Cost New	Cost New less Depreciation	External Obsolescence	Fair Market Value
MEM Input	MEM Input	MEM Input	MEM Input	OC/D Development Col (16)	RCN Development Col 20	RCN/D Development Col 30	Account Parameters Lookup	Cost, (30)*(100%-51)
Account	Description	Year	OC	OC/D Development Col, (16)	Development Col 20	RCN/D Development Col 30	EO	Fair Market Value
361	Collection Sewers - Gravity	1999	100,632	75,705	185,364	139,449	0%	139,449
361	Collection Sewers - Gravity	1999	34,146	25,688	62,897	47,317	0%	47,317
361	Collection Sewers - Gravity	1999	179,433	134,987	330,516	248,647	0%	248,647
361	Collection Sewers - Gravity	1999	35,000	26,331	64,470	48,501	0%	48,501
361	Collection Sewers - Gravity	1999	10,400	7,824	19,157	14,412	0%	14,412
Subtotal			359,611	270,535	662,404	498,326		498,326

Therefore, the preliminary cost approach conclusion of \$8,517,587 can be considered the final cost approach conclusion as follows:

<sup>15</sup> Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, pp. 96-97.

**Pennsylvania American Water Company**  
**Sadsbury Township Wastewater Utility**  
**Wastewater**  
**Potential Purchaser: Investor-Owned Utility**  
**January 1, 2017**

Account	Account Description	Original Cost	OC less Depreciation	Replacement cost New	RCN less Depreciation	Fair Market Value
<b>Plant in Service</b>						
353	Land & Land Rights	18,343	18,343	25,235	25,235	25,235
354	Structures & Improvements - Pump Station	152,560	93,461	298,865	183,085	183,085
355	Power Generating Equipment	40,000	20,732	58,880	30,518	30,518
360	Collection Mains - Force	92,500	67,840	170,385	124,960	124,960
361	Collection Mains - Gravity	5,668,395	4,706,722	7,984,952	6,534,161	6,534,161
363	Services	546,316	432,822	842,151	659,483	659,483
364	Flow Meters	98,731	83,541	125,321	97,580	97,580
371	Pumping Equipment	225,000	116,618	479,025	248,279	248,279
<b>Total Plant in Service</b>		<b>6,841,845</b>	<b>5,540,079</b>	<b>9,984,814</b>	<b>7,903,301</b>	<b>7,903,301</b>
<b>Plant not Dedicated to Service</b>						
361	Collection Mains - Gravity	584,547	537,817	608,595	559,253	559,253
363	Services	54,209	50,980	58,784	55,033	55,033
<b>Total Plant not Dedicated to Service</b>		<b>638,756</b>	<b>588,797</b>	<b>667,379</b>	<b>614,286</b>	<b>614,286</b>
<b>Total Plant</b>		<b>7,480,601</b>	<b>6,128,876</b>	<b>10,652,193</b>	<b>8,517,587</b>	<b>8,517,587</b>

**Value Conclusion**

The Fair Market Value of Sadsbury's wastewater property, plant and equipment and its operation was determined to be \$8,910,000 as follows:

**Pennsylvania American Water Company  
Sadsbury Township Wastewater Utility  
Wastewater  
Potential Purchaser: Investor-Owned Utility  
As of January 1, 2017**

**Fair Market Value Appraisal**

**Revised: 6-21-2017**

	<b>Investor-owned Utility</b>	<b>Weight</b>	<b>Wtd Value Indicator</b>
<b>Cost Approach</b>			
Depreciated Replacement Cost New	\$ 8,517,587	50%	4,258,794
Depreciated Original Cost	6,128,876		
Net Book Financials	6,916,575		
<b>Income Approach</b>			
Investor-Owned Utility	8,783,602	40%	3,513,441
<b>Market Approach</b>			
Investor-Owned Utility	11,374,184	10%	1,137,418
<b>Appraisal Conclusion</b>			8,909,653
<b>Appraisal Conclusion</b>	<b>8,910,000</b>		

As the purpose of this appraisal was to fulfill the requirements of Section 1329 of the PA CS in the establishment of value for rate making of Sadsbury's wastewater property, plant and equipment the cost approach conclusion of \$8,517,587 is consistent with the purpose of the appraisal. This cost approach conclusion is detailed (Cost Approach tab of this report). As the cost approach work papers details our value conclusion by National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA) for the water industry account classifications and the installation year of the property this detail can be used to establish the booked value for future accounting and rate making.

Schedule 4.1(b)

**Assets Subject to Leasehold Interest**

NONE

Schedule 4.1(d)

Authorizations, Consents and Approvals

[REDACTED]

**Schedule 4.1(i)**

**Undisclosed Liabilities**

NONE