



The York Water Company

July 25, 2024

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

Re: The York Water Company's Acquisition of the MESCO, Inc. Wastewater System
Docket Nos. A-2023-3041009 and A-2023-3041010

Dear Secretary Chiavetta:

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

The Commission approved York Water's acquisition of MESCO's wastewater assets by Order entered January 18, 2024 at Docket Nos. A-2023-3041009 and A-2023-3041010. On January 31, 2024, the transfer by sale of MESCO's wastewater assets and rights to York Water was consummated. A tariff was filed effective February 7, 2024 incorporating MESCO's former customers.

The cost of the system facilities was determined from MESCO's records, project contracts and unit costs typical of other wastewater utilities in the region. The asset inventory was priced using unit costs for each vintage year. The unit costs were developed from typical unit costs experienced by other wastewater companies within the same region, published unit costs or experienced costs trended to the year of installation. The accrued depreciation was based on recognized methods using estimated survivor characteristics and the straight-line depreciation method. The estimated survivor curves are similar to those used by other Pennsylvania wastewater companies. The average service life procedure was used to apply the methods of depreciation to group properties for which a survivor curve was used to recognize the existence of life dispersion. Customer funds used to build the MESCO facilities are included in the report and will be recorded as contributions-in-aid of construction by York Water.

MESCO determined that it was in the best interest of its current customers to sell its wastewater system to a company that has sufficient wastewater operations and maintenance experience to meet the wastewater demands of the public and has more experience in dealing with utility service and the regulatory requirements associated with providing such service. MESCO concluded that its investment in maintaining the wastewater system in future years would be insufficient to provide reliable wastewater collection and treatment services.

York Water paid less than the depreciated original cost of the acquired assets and intends to include the depreciated original cost of the wastewater assets of MESCO in its rate base claim in its next rate case. At that time, York Water will present its proposal that the acquisition adjustment should not be passed through in rates.

Sincerely,



Matthew E. Poff
CFO and Treasurer

Enclosure

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

MESCO, Inc. Original Cost Study
As of January 31, 2024

Account	Description	Install Date	Unit	Qty	Unit Cost	Original Cost	Accrued Depreciation	Depreciated Original Cost
Plant in Service								
<u>Land</u>								
353.4	Treatment Plant Parcel					\$16,000	0.00	\$16,000
<u>Structures and Improvements</u>								
354.4	Treatment Plant - building	1974				\$22,822	15,975.40	\$6,847
354.4	Treatment Plant - expansion	1988				\$128,905	64,452.50	\$64,453
354.4	Treatment Plant - improvements	1996				\$40,275	15,534.64	\$24,740
<u>Collection Sewers - Force</u>								
360.2	2" Force Main	1974	LF	611	2.73	\$1,671	1,259.52	\$411
<u>Collection Sewers - Gravity</u>								
361.2	8" Diameter, PVC	1974	LF	7,103	5.66	\$40,186	30,294.43	\$9,892
361.2	8" Diameter, PVC	1978	LF	4,211	7.11	\$29,947	20,732.54	\$9,214
361.2	8" Diameter, PVC	1979	LF	1,138	7.47	\$8,500	5,753.85	\$2,746
<u>Manholes</u>								
361.21	Manhole w/ Frame and Cover	1974	EA	54	293.17	\$15,831	12,928.68	\$2,902
<u>Services</u>								
363.2	Sewer Laterals	1974	EA	180	17.41	\$3,135	2,792.72	\$342
<u>Pumping Equipment</u>								
371.3	Summer Drive Pumping Station	2004				\$11,791	6,400.83	\$5,390
371.3	Summer Drive Grinder Pump	2004				\$6,020	3,268.00	\$2,752
371.3	Summer Drive Pumps	2021				\$20,197	1,154.11	\$19,043
<u>Treatment Equipment</u>								
380.4	Microstrainer	1980				\$3,952	3,776.36	\$176
380.4	Blower	1993				\$2,155	1,436.67	\$718
380.4	Pump	1982				\$848	772.62	\$75
380.4	Tanks	1986				\$17,000	13,977.78	\$3,022
380.4	Equipment	1979				\$410	400.89	\$9
380.4	Flow Meters	1993				\$3,180	2,120.00	\$1,060
380.4	Tanks	1985				\$44,906	37,920.62	\$6,985
Total Plant in Service						\$417,731	\$240,952.15	\$176,778.85

MESCO, Inc. Original Cost Study
As of January 31, 2024

Account	Description	Install Date	Unit	Qty	Unit Cost	Original Cost	Accrued Depreciation	Depreciated Original Cost
Contributions in Aid of Construction								
354.4	Structures and Improvements					\$30,288.08	19,417.60	10,870.48
361.2	Collection Sewers					\$12,404.33	7,952.38	4,451.95
361.21	Manholes					\$2,497.33	1,601.03	896.30
363.2	Services					\$494.49	317.02	177.47
371.3	Pumping Equipment					\$5,995.71	3,843.84	2,151.88
380.4	Treatment Equipment					\$11,429.06	7,327.13	4,101.92
Total Contributions in Aid of Construction						\$63,109.00	\$40,459.00	\$22,650.00
Total Depreciable Plant						\$354,622.00	\$200,493.15	\$154,128.85