

AQUA PENNSYLVANIA, INC.

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Aqua Pennsylvania, Inc.
Athens Water Costs
M92108

Accounting Unit	Acct. No.	Description	Amount
Journal Entry			
		<u>Debit</u>	<u>Credit</u>
9	104000	Utility Plant Purchased/Sold	97,929.44
2810	426080	MISC ACQUISITIONS	11,375.85
9	301000	ORGANIZATION	10,256.69
9	303400	T&D LAND, RIGHT OF WAY	459.00
9	304400	T&D STRUCTURES	44,421.21
9	330000	DISTRIB RES & STANDPIPE	250,142.29
9	331000	T & D MAINS	579,146.81
9	335000	HYDRANTS	24,842.24
9	271301	CIAC NON-CASH TRANSFER	589,122.54
9	272000	AD- CIAC	85,705.07
9	108042	AD-POWER & PUMPING STRUCT	9,029.51
9	108300	AD-DISTRIBUTION RESRVS & STAND	50,846.50
9	108310	AD-MAINS & ACCESSORIES	65,438.84
9	108350	AD-HYDRANTS	3,553.63
9	114000	U Plant Acq Adj	167,677.00
	Total		994,973.31
		994,973.31	

AQUA PENNSYLVANIA, INC.

***Acquisition of the Athens Township Authority's
Water System***

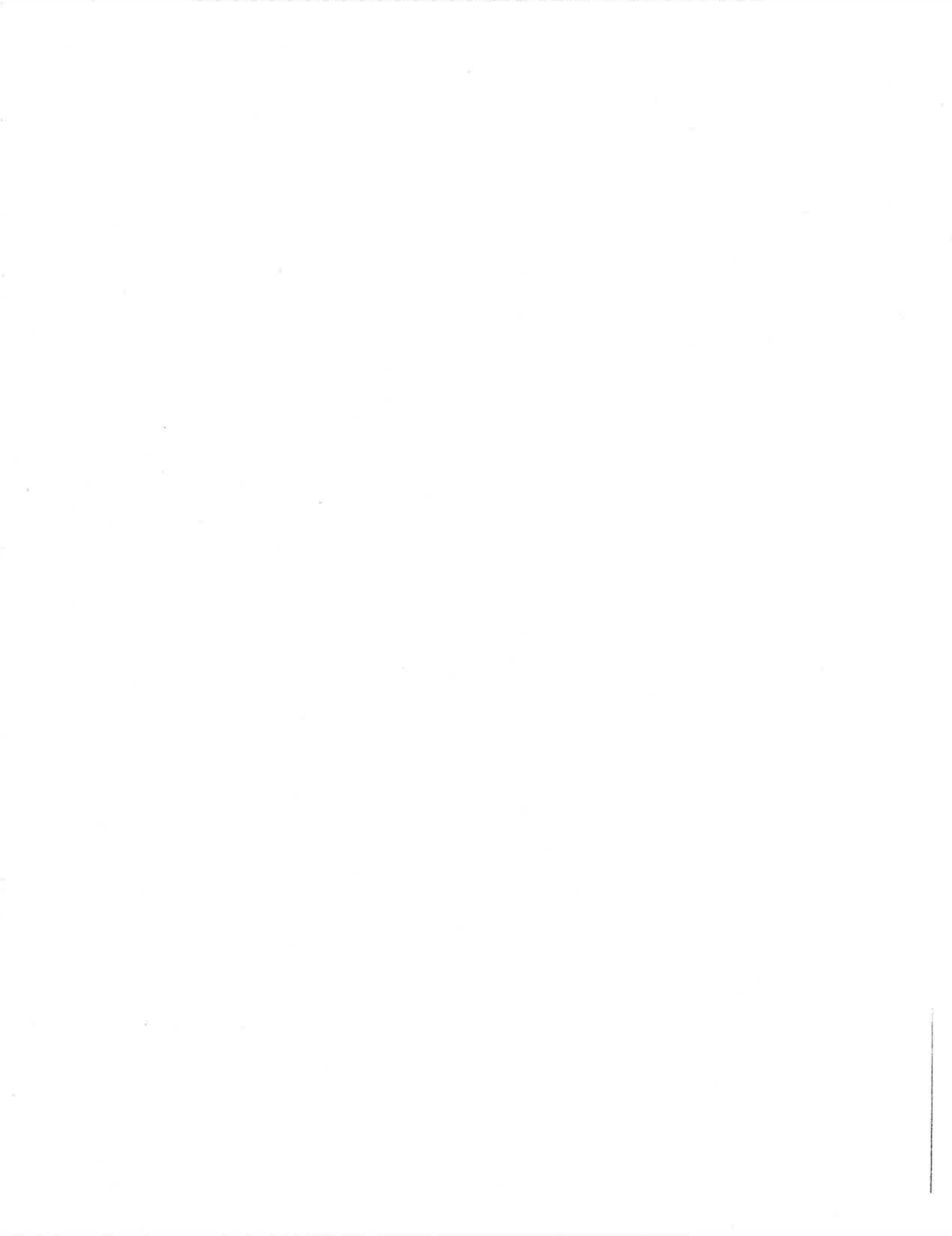
Original Cost of Water Utility Plant and
Depreciation Reserve Calculations
at December 23, 2009

By

Scott D. Fogelsanger
Principal

AUS CONSULTANTS
275 Grandview Avenue, Suite 100
Camp Hill, PA 17011

July 2010



July 30, 2010

Mr. William C. Packer, Manager of Rates
Aqua Pennsylvania, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

RE: Acquisition of the Athens Township
Authority's Water System

Dear Mr. Packer:

In accordance with your request, we have prepared an inventory of the water utility plant of the Athens Township Authority (the "Authority") as of December 23, 2009.

The inventory was prepared to conform to the Uniform System of Accounts for Water Utilities as prescribed by the National Association of Regulatory Utility Commissioners.

The original cost of the property of the Authority was determined from a detailed analysis of the books and records of the Authority and has been segregated as follows:

	<u>Original Cost</u>	<u>Calculated Reserve</u>
Utility Plant in Service (Net)	\$309,889	\$43,163

The results of our study are discussed and supported by the Executive Summary contained in Section 1, the detailed original costs in Section 2, and the depreciation calculations in Section 3.

Respectfully submitted,

AUS Consultants

By: Scott D. Fogelsanger

AQUA PENNSYLVANIA, INC.

***Acquisition of the Athens Township Authority's
Water System***

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AQUA PENNSYLVANIA, INC.

***Acquisition of the Athens Township Authority's
Water System***

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Section 1

AQUA PENNSYLVANIA, INC.

Acquisition of the Athens Township Authority's Water System

Executive Summary

BACKGROUND

The Athens Township Authority ("Authority") makes water service available to approximately 10 customers located within a portion of Athens Township, Bradford County, Pennsylvania. The Authority began providing water service in 1999. The Authority has continued to grow and expand over the years.

Aqua Pennsylvania, Inc. ("Aqua") and the Authority have filed a joint application requesting the Commission to approve the sale of the water system and grant Aqua the right to furnish service in the Authority's service territory.

Aqua has retained AUS Consultants to prepare a study of the original cost of the fixed capital assets acquired and theoretical depreciation calculations as of December 23, 2009. The results of that study are set forth herein.

OVERVIEW OF THE COMPANY'S FACILITIES

The Authority's assets to be acquired consist of facilities for the distribution and storage of water to its customers. The Authority's distribution system consists of approximately 15,245 linear feet of ductile iron and plastic pipe. Distribution storage is provided by a 433,000 gallon storage tank. Customer service lines, which run from the Authority's mains to the curb line, consist of 3/4" and 4" diameter pipe, curb stops, and curb

boxes. All of the customers are metered. The water system does provide fire protection service.

OVERVIEW OF THE STUDY TECHNIQUES

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

Second, the original cost of the inventoried property was determined based on a review of the Authority's books of account, construction records, and other sources. For the most part, the Authority's records provided reasonable data as to the original cost of its plant in service. In addition, Aqua requested theoretical accrued depreciation calculations be prepared based upon the results of the original cost study to reflect the theoretical capital recovery of the plant in service at December 23, 2009.

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

EXPLANATION OF THE STUDY

UTILITY PLANT INVENTORY

A comprehensive inventory of the Authority's plant in service as of December 23, 2009 was performed. One of the principal source documents for the inventory was the "as built" maps of the Authority's system. The maps were particularly helpful in locating and documenting the sizes, types, and lengths of the pipelines and the sizes, types, and locations of accessories, such as valves and air release valves. Significant components of the inventory are discussed below.

Mass Property

For purposes of this study, "mass" property consists of utility plant recorded in Account 331 (Mains and Accessories), Account 333 (Services), Account 334 (Meters) and Account 325 (Fire Hydrants).

For Account 331, footages of pipe, by size and type, were determined by reviewing the "as-built" maps and were verified by a physical check of the distribution system in place. This same procedure was utilized for valves and air release valves.

Based upon data obtained from Authority records, it appears that customer service lines (Account 333) and meters (Account 334) were installed when the customer requested service. The number of hydrants was verified by a physical check.

Non-Mass Property

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

Acct.

No. Account Title

Non-Depreciable Plant:

303.4 Land & Land Rights - Transmission & Distribution

Depreciable Plant

304.4 Structures & Improvements - Transmission & Distribution

330 Distribution Reservoirs & Standpipes

331 Transmission & Distribution Mains

333 Services

334 Meters

335 Fire Hydrants

ORIGINAL COST ANALYSIS

The goal of the original cost analysis was to ascertain the original cost of the Authority's plant in service by fixed capital account and, within each account, to determine the original costs by retirement unit (for non-mass property) or size and type (for mass property) and by vintage year. Reasonably good data exists to establish the original cost of the Authority's property by account. The original cost determinations for Account 331 (Mains and Accessories), Account 333 (Services), Account 334 (Meters), and Account 335 (Fire Hydrants) are explained as follows:

Account 331, Account 333, Account 334, and Account 335

An original cost of mains and accessories was determinable from available records for the Authority's distribution system and other source documents. The Authority summaries verified that the lengths scaled and units counted from the distribution system maps were accurate. As previously explained, the physical inventory established the total footage of pipe by size and type and the total number of units of accessories. The information contained in the construction summaries was used to develop the footage of pipe, units of accessories, and the resultant unit price for the respective fixed capital asset.

The original cost values at December 23, 2009 for the Authority's mains, customer services, meters, and fire hydrants as established by the original cost study total \$579,147; \$0; \$0; and \$24,842, respectively. *It must be noted that Aqua had an operational agreement with the Authority to operate and maintain the water system. As part of this agreement, Aqua was required to install the service lines at no cost to the Authority or any*

customers. Therefore, Aqua had previously accounted for these costs in their financial statements.

SUMMARY OF ORIGINAL COST

The results of the original cost study established that the original cost of the Authority's utility plant in service is not less than \$899,012, as summarized by plant account in Section 2 (p. 2-1).

CONTRIBUTIONS IN AID OF CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any contributions in aid of construction (CIAC) existed. The record research included all Authority documents that were available. Based on this record research, the Authority received a federal grant \$1,000,000 to extend the water and sewer systems. It was determined that grant funds of \$394,123 were used to extend the water system. Also, the Authority received customer contributions of \$195,000. Therefore, the total contributions in aid of construction amount to \$589,123.

CUSTOMER ADVANCES FOR CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any customer advances for construction (CAC) existed. The record research included all Authority documents that were available. Based on this record research, the Authority did not collect any CAC.

DEPRECIATION RESERVE

AUS Consultants, as requested, prepared a theoretical calculated depreciation reserve of the utility plant in service at December 23, 2009. The calculated accrued

depreciation reserve (less contributions in aid of construction) amounts to \$43,163 at December 23, 2009. The calculations were based upon the Broad Group/Remaining Life Procedure and Technique utilizing appropriate service lives and mortality curves for the specific fixed capital assets by category and condition of the plant at the study date. The results of those calculations and detailed supporting documentation are included in Section 3 of this report.

Section 2

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009

Acct. No.	Account Title	Original Cost
303.4	Transmission & Distribution - Land & Land Rights	\$459.00
304.4	Transmission & Distribution Structures	44,421.21
330	Distribution Reservoirs & Standpipes	250,142.29
331	Transmission & Distribution Mains	579,146.81
333	Services	0.00
334	Meters	0.00
335	Fire Hydrants	24,842.24
	Total Original Cost	<u>\$899,011.55</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009

Account 303.4 - Transmission & Distribution - Land & Land Rights

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Land Rights - Water Lines:</u>				
Inst.# 199805887	1998	Ea.	1	\$21.50
Inst.# 199809368	1998	Ea.	1	21.50
Inst.# 199809460	1998	Ea.	1	35.50
Inst.# 199809637	1998	Ea.	1	21.50
Inst.# 199810100	1998	Ea.	1	23.50
Inst.# 199810101	1998	Ea.	1	21.00
Inst.# 199810712	1998	Ea.	1	21.50
Inst.# 199813590	1998	Ea.	1	21.50
Inst.# 199813591	1998	Ea.	1	21.50
Inst.# 199813592	1998	Ea.	1	21.50
Inst.# 199906497	1999	Ea.	1	21.50
Inst.# 199906498	1999	Ea.	1	21.50
Inst.# 199906499	1999	Ea.	1	21.50
Inst.# 199910000	1999	Ea.	1	21.50
<u>Land Rights - Water Tank:</u>				
Inst.# 199813588	1998	Ea.	1	\$21.50
Inst.# 199813589	1998	Ea.	1	21.50
Inst.# 199813593	1998	Ea.	1	21.50
Inst.# 199906500	1999	Ea.	1	21.50
Inst.# 199906501	1999	Ea.	1	21.50
Inst.# 200301156	2002	Ea.	1	35.00
Total Account 303.4				----- \$459.00 =====

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 304.4 - Transmission & Distribution Structures

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Control Building:</u>				
Concrete block structure, valve vault, electric service in trench, and piping. 12' x 6'	1999		Lot	\$34,622.56
RTU panel (Telemetry)	1999			9,798.65
				<u>\$44,421.21</u>
				=====
Total Account 304.4				\$44,421.21

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 330 - Distribution Reservoirs & Standpipes

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
Storage Tank - 433,000 Gallons	1999	Ea.	1	\$233,513.99
Chain Link Fence	1999		Lot	4,379.99
Access Road with Drainage	1999		Lot	12,248.31

Total Account 330				\$250,142.29
				=====

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 331 - Transmission & Distribution Mains

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
Ductile Iron Mains, 12"	1999	LF	1,550	\$88,365.50
Plastic Mains, 6"	1999	LF	350	8,323.00
Plastic Mains, 8"	1999	LF	380	10,153.60
Plastic Mains, 12"	1999	LF	12,965	400,230.43
Total Mains			<u>15,245</u>	<u>\$507,072.53</u>
 Valves, 6"	 1999	 Ea.	 2	 \$1,286.50
Valves, 8"	1999	Ea.	13	9,990.63
Valves, 12"	1999	Ea.	43	52,653.08
Total Valves			<u>58</u>	<u>\$63,930.21</u>
 Air Release Valves in Manholes	 1999	 Ea.	 3	 \$8,144.07
 Total Account 331				 <u>\$579,146.81</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 333 - Services

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Services, 3/4"	2007	Ea.	4	
Services, 3/4"	2008	Ea.	4	
Services, 4"	1999	Ea.	1	
Services, 4"	2009	Ea.	1	
Fire Line Service, 6"	2009	Ea.	1	
Fire Line Service, 10"	1999	Ea.	1	
			-----	-----
Total Account 333			12	(1) =====

Note:

(1) Aqua Pennsylvania, Inc. ("Aqua") had an operational agreement with the Athens Township Authority to operate and maintain the water system. As part of this agreement, Aqua was required to install the service lines at no cost to the Authority or any customers. Therefore, Aqua had previously accounted for these costs in their financial statements.

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 334 - Meters

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Meters, 5/8"	2007	Ea.	4	
Meters, 5/8"	2008	Ea.	4	
Meters, 2"	1999	Ea.	4	
Meters, 2"	2009	Ea.	1	
			-----	-----
Total Account 334			13	(1) =====

Note:

(1) Aqua Pennsylvania, Inc. ("Aqua") had an operational agreement with the Athens Township Authority to operate and maintain the water system. As part of this agreement, Aqua was required to install the meters at no cost to the Authority or any customers. Therefore, Aqua had previously accounted for these costs in their financial statements.

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Original Cost at December 23, 2009
Account 335 - Fire Hydrants

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
Fire Hydrants	1999	Ea.	16	\$24,842.24
Total Account 335				<u>-----</u> \$24,842.24 <u>=====</u>

Aqua Pennsylvania, Inc.

*Valuation of the Athens Township Authority's Water System
Contributions in Aid of Construction*

Original Cost at December 23, 2009

Acct. No.	Account Title	Original Cost
330	Distribution Reservoirs & Standpipes	\$195,000.00
331	Transmission & Distribution Mains	369,280.30
335	Fire Hydrants	24,842.24
	Total Original Cost	<u>\$589,122.54</u> =====

Aqua Pennsylvania, Inc.

*Valuation of the Athens Township Authority's Water System
Contributions in Aid of Construction*

Original Cost at December 23, 2009
Account 330 - Distribution Reservoirs & Standpipes

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
Storage Tank - 433,000 Gallons	1999	Ea.	1	\$195,000.00
Total Account 330				----- \$195,000.00 =====

Aqua Pennsylvania, Inc.

*Valuation of the Athens Township Authority's Water System
Contributions in Aid of Construction*

Original Cost at December 23, 2009
Account 331 - Transmission & Distribution Mains

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Plastic Mains, 6"	1999	LF	350	\$8,323.00
Plastic Mains, 8"	1999	LF	380	10,153.60
Plastic Mains, 12"	1999	LF	9,519	282,234.94
			-----	-----
Total Mains			10,249	\$300,711.54
Valves, 6"	1999	Ea.	2	\$1,286.50
Valves, 8"	1999	Ea.	13	9,990.63
Valves, 12"	1999	Ea.	42	49,147.56
			-----	-----
Total Valves			57	\$60,424.69
Air Release Valves in Manholes	1999	Ea.	3	\$8,144.07

Total Account 331				\$369,280.30 =====

Aqua Pennsylvania, Inc.

**Valuation of the Athens Township Authority's Water System
Contributions in Aid of Construction**

Original Cost at December 23, 2009
Account 335 - Fire Hydrants

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
Fire Hydrants	1999	Ea.	16	\$24,842.24
Total Account 335				<u>\$24,842.24</u> =====

Section 3

Aqua Pennsylvania, Inc.

Valuation of the Athens Township Authority's Water System

Summary of Original Cost, Calculated Depreciation Reserve
and Depreciated Original Cost as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Acct. No.	Description	Original Cost at 12/3/09	ASL/lowa Curve	Calculated Depreciation Reserve	Depreciated Original Cost at 12/3/09
<u>Non-Depreciable Plant:</u>					
303.4	Transmission & Distribution - Land & Land Rights	\$459.00		\$0.00	\$459.00
	Total Non-Depreciable Plant	\$459.00		\$0.00	\$459.00
<u>Depreciable Plant:</u>					
304.4	Transmission & Distribution Structures	\$44,421.21	50-R3	\$9,029.51	\$35,391.70
330	Distribution Reservoirs & Standpipes	250,142.29	50-R3	50,846.50	199,295.79
331	Mains & Accessories:				
331.12	Ductile Iron Pipe, 12"	\$88,365.50	100-R3	\$9,075.00	\$79,290.50
331.31	Plastic Pipe, 6" - 8"	18,476.60	80-R3	2,366.26	16,110.34
311.32	Plastic Pipe, 12"	400,230.43	90-R3	45,622.96	354,607.47
331.51	Valves, 6" - 8"	11,277.13	80-R3	1,444.24	9,832.89
331.51	Valves, 12"	52,653.08	90-R3	6,002.02	46,651.06
331.80	Air Release Valves in Manholes	8,144.07	90-R3	928.36	7,215.71
	Total Account 331	\$579,146.81		\$65,438.84	\$513,707.97
333	Services				
334	Meters				
335	Fire Hydrants	24,842.24	65-R2	3,553.63	21,288.61
	Total Depreciable Plant	\$898,552.55		\$128,868.48	\$769,684.07
	Total Plant in Service	\$899,011.55		\$128,868.48	\$770,143.07
<u>Deduct: Contributions in Aid of Construction:</u>					
330	Distribution Reservoirs & Standpipes	\$195,000.00	50-R3	\$39,637.71	\$155,362.29
331.31	Plastic Pipe, 6" - 8"	18,476.60	80-R3	2,366.26	16,110.34
311.32	Plastic Pipe, 12"	282,234.94	90-R3	32,172.45	250,062.49
331.51	Valves, 6" - 8"	11,277.13	80-R3	1,444.24	9,832.89
331.51	Valves, 12"	49,147.56	90-R3	5,602.42	43,545.14
331.80	Air Release Valves in Manholes	8,144.07	90-R3	928.36	7,215.71
335	Fire Hydrants	24,842.24	65-R2	3,553.63	21,288.61
	Total Contributions in Aid of Construction	\$589,122.54		\$85,705.07	\$503,417.47
	Total Plant in Service (Net)	\$309,889.01		\$43,163.41	\$266,725.60

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
304.40 Structures & Impr. - Transmission & Distribution
Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	44,421.21	39.84	50.00	0.20327	9,030
Total	44,421.21				9,029.51

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
330.00 Distribution Reservoirs & Standpipes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	250,142.29	39.84	50.00	0.20327	50,847
Total	250,142.29				50,846.50

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
 331.12 Ductile Iron Pipe, 10" - 14"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 100 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	88,365.50	89.73	100.00	0.10270	9,075
Total	88,365.50				9,075.00

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
 331.31 Plastic Pipe, 6" - 8"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	18,476.60	69.75	80.00	0.12807	2,366
Total	18,476.60				2,366.26

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
 331.32 Plastic Pipe, 10" - 14"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	400,230.43	79.74	90.00	0.11399	45,623
Total	400,230.43				45,622.96

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
 331.51 Valves, 6" - 8"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	11,277.13	69.75	80.00	0.12807	1,444
Total	11,277.13				1,444.24

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
 331.52 Valves, 10" - 14"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	52,653.08	79.74	90.00	0.11399	6,002
Total	52,653.08				6,002.02

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
331.80 Air Release Valves in Manholes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	8,144.07	79.74	90.00	0.11399	928
Total	8,144.07				928.36

Aqua Pennsylvania, Inc.
Athens Township Authority - Water
335.00 Hydrants

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 65 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	24,842.24	55.70	65.00	0.14305	3,554
Total	24,842.24				3,553.63

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
330.00 Distribution Reservoirs & Standpipes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	195,000.00	39.84	50.00	0.20327	39,638
Total	195,000.00				39,637.71

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
331.31 Plastic Pipe, 6" - 8"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	18,476.60	69.75	80.00	0.12807	2,366
Total	18,476.60				2,366.26

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
 331.32 Plastic Pipe, 10" - 14"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	282,234.94	79.74	90.00	0.11399	32,172
Total	282,234.94				32,172.45

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
 331.51 Valves, 6" - 8"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 80 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	11,277.13	69.75	80.00	0.12807	1,444
Total	11,277.13				1,444.24

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
331.52 Valves, 10" - 14"

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	49,147.56	79.74	90.00	0.11399	5,602
Total	49,147.56				5,602.42

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
331.80 Air Release Valves in Manholes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 90 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	8,144.07	79.74	90.00	0.11399	928
Total	8,144.07				928.36

Aqua Pennsylvania, Inc.
Athens Township Authority - Water CIAC
335.00 Hydrants

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 23, 2009
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 65 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1999	24,842.24	55.70	65.00	0.14305	3,554
Total	24,842.24				3,553.63

Aqua Pennsylvania, Inc.
 Paupacken Lake Water Costs
 M92104

Accounting Unit	Acct. No.	Description	Amount
Journal Entry			
		<u>Debit</u>	<u>Credit</u>
9	104000	Utility Plant Purchased/Sold	345,845.37
2810	426080	MISC ACQUISITIONS	24,411.10
9	301000	ORGANIZATION	42,756.47
9	303130	OTHER SOURCE SUPPLY LAND	2.00
9	303400	T&D LAND, RIGHT OF WAY	11.00
9	304200	POWER & PUMPING STRUCTURES	111,288.38
9	307000	WELLS & SPRINGS	30,054.01
9	310000	POWER GENRATION EQUIPMENT	10,713.37
9	311000	PUMPING EQUIPMENT	18,000.91
9	320000	WATER TREATMENT EQUIPMENT	38,475.87
9	330000	DISTRIB RES & STANDPIPE	15,524.51
9	331000	T & D MAINS	722,664.16
9	333000	SERVICES	183,908.74
9	334000	METERS PURCHASED	1,588.31
9	271301	CIAC NON-CASH TRANSFER	129,100.00
9	272000	AD- CIAC	85,052.81
9	108042	AD-POWER & PUMPING STRUCT	55,657.76
9	108070	AD-WELLS & SPRINGS	14,027.22
9	108100	AD-POWER GENERATION EQUIPMENT	4,800.37
9	108110	AD-ELECTRIC PUMPING EQUIPMENT	8,597.02
9	108200	AD-PURIFICATION EQUIP	28,843.69
9	108300	AD-DISTRIBUTION RESRVS & STAND	5,886.98
9	108310	AD-MAINS & ACCESSORIES	222,505.54
9	108330	AD-SERVICES	68,698.71
9	108340	AD-METERS-PURCHASES	906.34
9	114000	U Plant Acq Adj	350,760.44
	Total		1,260,040.54
		1,260,040.54	1,260,040.54

AQUA PENNSYLVANIA, INC.

***Acquisition of the Paupackan Lake Association, Inc.'s
Water System***

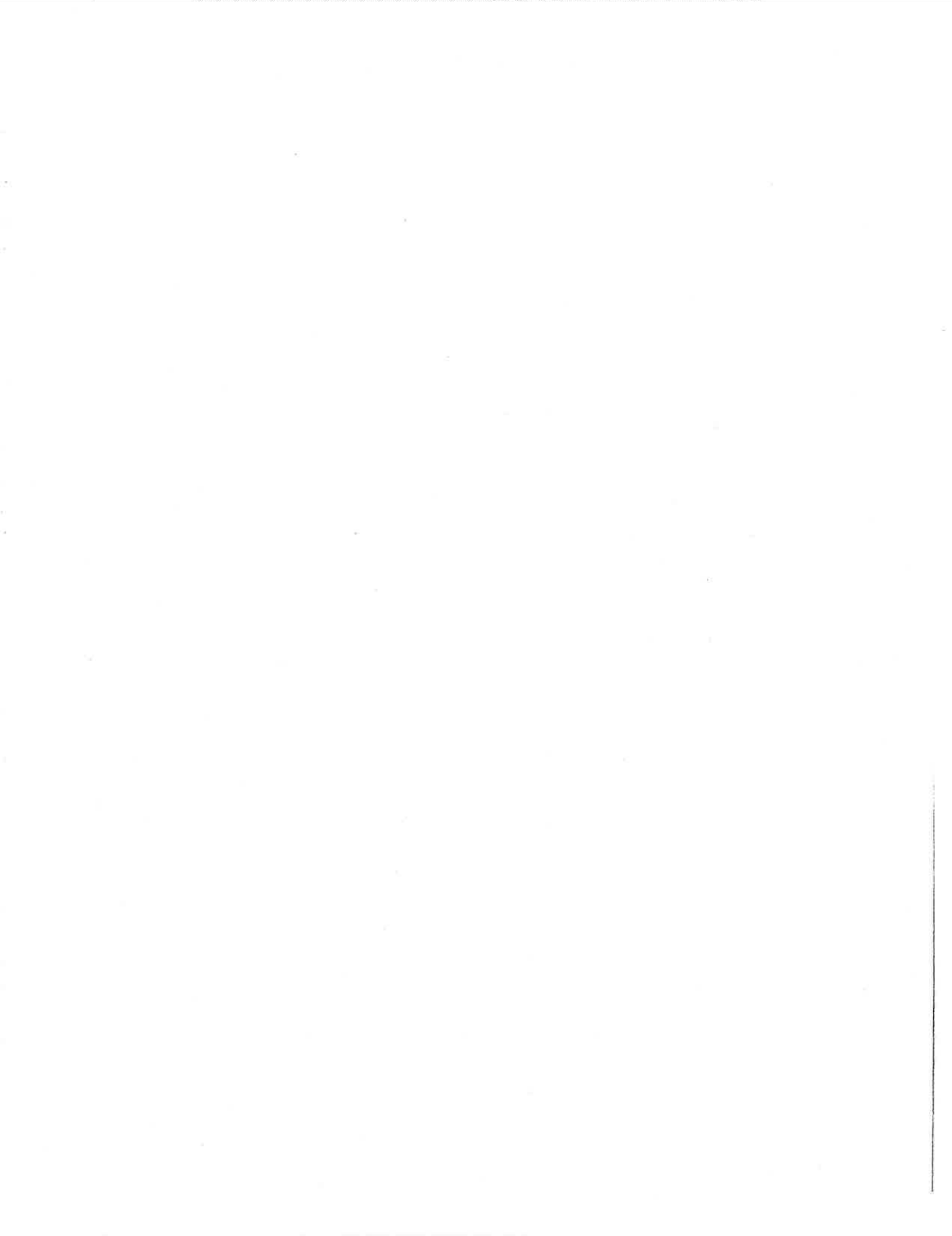
Original Cost of Water Utility Plant and
Depreciation Reserve Calculations
at September 22, 2010

By

Scott D. Fogelsanger
Principal

AUS CONSULTANTS
275 Grandview Avenue, Suite 100
Camp Hill, PA 17011

February 2011



February 3, 2011

Mr. William C. Packer, Manager of Rates
Aqua Pennsylvania, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

RE: Acquisition of the Paupackan Lake
Association, Inc.'s Water System

Dear Mr. Packer:

In accordance with your request, we have prepared an inventory of the water utility plant of the Paupackan Lake Association, Inc. (the "Association") as of September 22, 2010.

The inventory was prepared to conform to the Uniform System of Accounts for Water Utilities as prescribed by the National Association of Regulatory Utility Commissioners.

The original cost of the property of the Association was determined from a detailed analysis of the books and records of the Association and has been segregated as follows:

	<u>Original Cost</u>	<u>Calculated Reserve</u>
Utility Plant in Service (Net)	\$1,003,131	\$324,871

The results of our study are discussed and supported by the Executive Summary contained in Section 1, the detailed original costs in Section 2, and the depreciation calculations in Section 3.

Respectfully submitted,

AUS Consultants

By: Scott D. Fogelsanger

AQUA PENNSYLVANIA, INC.

***Acquisition of the Paupackan Lake Association, Inc.'s
Water System***

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AQUA PENNSYLVANIA, INC.

***Acquisition of the Paupackan Lake Association, Inc.'s
Water System***

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Section 1

AQUA PENNSYLVANIA, INC.

Acquisition of the Paupackan Lake Association, Inc.'s Water System

Executive Summary

BACKGROUND

The Paupackan Lake Association, Inc. ("Association") makes water service available to approximately 418 customers located in Lake and Paupack Townships, Wayne County, Pennsylvania. The Association began providing water service in 1966. The Association has continued to grow and expand over the years.

Aqua Pennsylvania, Inc. ("Aqua") and the Association have filed a joint application requesting the Commission to approve the sale of the water system and grant Aqua the right to furnish service in the Association's service territory.

Aqua has retained AUS Consultants to prepare a study of the original cost of the fixed capital assets acquired and theoretical depreciation calculations as of September 22, 2010. The results of that study are set forth herein.

OVERVIEW OF THE ASSOCIATION'S FACILITIES

The Association's assets to be acquired consist of facilities for the production, distribution, and storage of water to its customers. The Association's production facilities are comprised of 5 wells. The distribution system consists of approximately 69,835 linear feet of plastic pipe. Distribution storage is provided by a 6,000 gallon storage tank located at Well No. 4 and a 5,000 gallon storage tank located at Well No. 5. Customer service lines, which run from the Association's mains to the curb line, consist of 3/4" diameter pipe,

curb stops, and curb boxes. None of the customers are metered. The water system does not provide fire protection service.

OVERVIEW OF THE STUDY TECHNIQUES

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

Second, the original cost of the inventoried property was determined based on a review of the Association's books of account, construction records, and other sources. For the most part, the Association's records provided reasonable data as to the original cost of its plant in service. In addition, Aqua requested theoretical accrued depreciation calculations be prepared based upon the results of the original cost study to reflect the theoretical capital recovery of the plant in service at September 22, 2010.

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

UTILITY PLANT INVENTORY

A comprehensive inventory of the Association's plant in service as of September 22, 2010 was performed. One of the principal source documents for the inventory was the "as built" maps of the Association's system. The maps were particularly helpful in locating and documenting the sizes, types, and lengths of the pipelines and the sizes, types, and locations of accessories, such as valves and air release valves. Significant components of the inventory are discussed below.

Mass Property

For purposes of this study, "mass" property consists of utility plant recorded in Account 331 (Mains and Accessories), Account 333 (Services), and Account 334 (Meters). For Account 331, footages of pipe, by size and type, were determined by reviewing the "as-built" maps and were verified by a physical check of the distribution system in place. This same procedure was utilized for valves and air release valves.

Based upon data obtained from Association records, customer service lines (Account 333) were installed when the customer requested service.

Non-Mass Property

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

Acct.

No. Account Title

Non-Depreciable Plant:

303.2 Land & Land Rights - Source of Supply
303.4 Land & Land Rights - Transmission & Distribution

Depreciable Plant

304.2 Structures & Improvements - Source of Supply & Pumping
307 Wells & Springs
310 Power Generation Equipment
311 Pumping Equipment
320 Water Treatment Equipment
330 Distribution Reservoirs & Standpipes
331 Transmission & Distribution Mains
333 Services
334 Meters

ORIGINAL COST ANALYSIS

The goal of the original cost analysis was to ascertain the original cost of the Association's plant in service by fixed capital account and, within each account, to determine the original costs by retirement unit (for non-mass property) or size and type (for mass property) and by vintage year. Reasonably good data exists to establish the original cost of the Association's property by account. The original cost determinations for Account 331 (Mains and Accessories), Account 333 (Services), and Account 334 (Meters) are explained as follows:

Account 331, Account 333, and Account 334

An original cost of mains and accessories was determinable from available records for the Association's distribution system and other source documents. The Association summaries verified that the lengths scaled and units counted from the distribution system maps were accurate. As previously explained, the physical inventory established the total footage of pipe by size and type and the total number of units of accessories. The information contained in the construction summaries was used to develop the footage of pipe, units of accessories, and the resultant unit price for the respective fixed capital asset.

The original cost values at September 22, 2010 for the Association's mains, customer services, and meters as established by the original cost study total \$722,664; \$183,909; and \$1,588, respectively.

SUMMARY OF ORIGINAL COST

The results of the original cost study established that the original cost of the Association's utility plant in service is not less than \$1,132,231, as summarized by plant account in Section 2 (p. 2-1).

CONTRIBUTIONS IN AID OF CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any contributions in aid of construction (CIAC) existed. The record research included all Association documents that were available. Based on this record research, the Association received hook-up fees from its customers that connected to the system from 1966 through 1996. It was determined that these fees totaled \$129,100. Therefore, the total contributions in aid of construction amount to \$129,100.

CUSTOMER ADVANCES FOR CONSTRUCTION

AUS Consultants completed an extensive research of records to determine if any customer advances for construction (CAC) existed. The record research included all Association documents that were available. Based on this record research, the Association did not collect any CAC.

DEPRECIATION RESERVE

AUS Consultants, as requested, prepared a theoretical calculated depreciation reserve of the utility plant in service at September 22, 2010. The calculated accrued depreciation reserve (less contributions in aid of construction) amounts to \$324,871 at September 22, 2010. The calculations were based upon the Broad Group/Remaining Life Procedure and Technique utilizing appropriate service lives and mortality curves for the

specific fixed capital assets by category and condition of the plant at the study date. The results of those calculations and detailed supporting documentation are included in Section 3 of this report.

Section 2

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010

Acct. No.	Account Title	Original Cost
303.2	Source of Supply - Land & Land Rights	\$2.00
303.4	Transmission & Distribution - Land & Land Rights	11.00
304.2	Source of Supply & Pumping Structures	111,288.38
307	Wells & Springs	30,054.01
310	Power Generation Equipment	10,713.37
311	Pumping Equipment	18,000.91
320	Water Treatment Equipment	38,475.87
330	Distribution Reservoirs & Standpipes	15,524.51
331	Transmission & Distribution Mains	722,664.17
333	Services	183,908.74
334	Meters	1,588.31
	Total	<u>\$1,132,231.27</u> =====

Aqua Pennsylvania, Inc.

Valuation of Paupackan Lake Association, Inc.

Original Cost at September 22, 1010
 Account 303.2 - Source of Supply - Land & Land Rights

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Land - Well #3	2010			
Land - Well #4	2010			
Land - Well #5	2010			
Easement - Well #2	2010			
			Lot	\$1.00
Easement - Well #6	2010		Lot	\$1.00
				\$2.00
Total Account 303.2				\$2.00

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 303.4 - Transmission & Distribution - Land & Land Rights

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
Easement - Distribution System	2010		Lot	\$11.00

Total Account 303.4				\$11.00
				=====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 304.2 - Source of Supply & Pumping Structures

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Well House No 2:</u>				
Cement plaster over concrete block, concrete floor, gable roof, asphalt singles, electrical control panel, piping, and lighting. Size: 18' x 14'	1966		Lot	\$6,673.35
Total Well House No. 2				\$6,673.35
<u>Well House No 3:</u>				
Cement plaster over concrete block, concrete floor, gable roof, asphalt singles, electrical control panel, piping, and lighting. Size: 16' x 10'	1975		Lot	\$14,868.69
Roof Replacement	2000		Lot	1,500.00
Total Well House No. 3				\$16,368.69
<u>Well House No 4:</u>				
Cement plaster over concrete block, concrete floor, gable roof, asphalt singles, electrical control panel, piping, and lighting. Size: 18' x 14'	1982		Lot	\$13,181.10
Wood framed building with steel siding, concrete floor, asphalt singles, electrical control panel, piping, and lighting. Size: 40' x 20'	1991		Lot	12,019.67
Total Well House No. 4				\$25,200.77

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 304.2 - Source of Supply & Pumping Structures

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Well House No 5:</u>				
Cement plaster over concrete block, concrete floor, gable roof, asphalt singles, electrical control panel, piping, and lighting. Size: 24' x 17'	1980		Lot	\$21,190.80
Cement plaster over concrete block, concrete floor, gable roof, and asphalt singles. Size: 19' x 11' (Addition)	1989		Lot	15,512.61
Total Well House No. 5				----- \$36,703.41
<u>Well House No 6:</u>				
Cement plaster over concrete block, concrete floor, gable roof, asphalt singles, electrical control panel, piping, and lighting. Size: 17' x 15'	1985		Lot	\$26,342.16
Total Well House No. 6				----- \$26,342.16
Total Account 304.2				----- \$111,288.38 =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 307 - Wells & Springs

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
<u>Well No. 2:</u> Well Depth: 175'	1966	EA	1	\$943.28
<u>Well No. 3:</u> Well Depth: 430'	1975	EA	1	3,911.96
<u>Well No. 4:</u> Well Depth: 460'	1982	EA	1	6,412.52
<u>Well No. 5:</u> Well Depth: 405'	1980	EA	1	5,256.60
<u>Well No. 6:</u> Well Depth: 925'	1985	EA	1	13,529.65
Total Account 307				<u>\$30,054.01</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 310 - Power Generation Equipment

<u>Item</u>	<u>Year</u> <u>Installed</u>	<u>----- Quantity -----</u> <u>Unit</u>	<u>No.</u>	<u>Original</u> <u>Cost</u>
<u>Portable Generator:</u>				
Perkins Diesel Generator				
Model# SPC 27.5P				
27.5 KW, 60 Hertz	2003	Ea.	1	\$7,987.10
Trailer	2003	Ea.	1	1,911.35
Fuel Tank - 200 Gallons	2003	Ea.	1	814.92
				<u>-----</u>
Total Account 311				<u>\$10,713.37</u> <u>=====</u>

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 311 - Pumping Equipment

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Well House No. 2:</u>				
Jacuzzi Submersible Pump, 3 HP	2004	Ea.	1	\$3,868.00
<u>Well House No. 3:</u>				
Jacuzzi Submersible Pump, 3 HP	1993	Ea.	1	1,395.97
<u>Well House No. 4:</u>				
Jacuzzi Submersible Pump, 5 HP	1991	Ea.	1	2,565.99
Jacuzzi Booster Pumps, 5 HP	2005	Ea.	2	3,564.94
<u>Well House No. 5:</u>				
Jacuzzi Submersible Pump, 5 HP	1989	Ea.	1	2,077.79
Jacuzzi Booster Pumps, 5 HP	1996	Ea.	2	2,621.27
<u>Well House No. 6:</u>				
Jacuzzi Submersible Pump, 5 HP	1985	Ea.	1	1,906.95
Total Account 311				<u>\$18,000.91</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Papauken Lake Association, Inc.

Original Cost at September 22, 2010
Account 320 - Water Treatment Equipment

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
<u>Well No 2:</u>				
Chemical Feed Pump	2004	Ea.	1	\$347.72
40 Gallon Solution Tank	2004	Ea.	1	75.70
Hydropneumatic Tanks - 1,000 gals.	2004	Ea.	2	12,053.82
<u>Well No 3:</u>				
Chemical Feed Pump	2005	Ea.	1	366.56
40 Gallon Solution Tank	1991	Ea.	1	52.67
Hydropneumatic Tanks - 750 gals.	1975	Ea.	2	3,490.58
<u>Well No 4:</u>				
Chemical Feed Pump	2006	Ea.	1	241.96
35 Gallon Solution Tank	1991	Ea.	1	101.87
Hydropneumatic Tanks - 1,000 gals.	1991	Ea.	2	8,387.44
<u>Well No 5:</u>				
Chemical Feed Pump	2007	Ea.	1	409.30
40 Gallon Solution Tank	1989	Ea.	1	148.59
Hydropneumatic Tanks - 1,000 gals.	1980	Ea.	2	5,123.14
<u>Well No 6:</u>				
Chemical Feed Pump	2008	Ea.	1	455.66
40 Gallon Solution Tank	1985	Ea.	1	44.00
Hydropneumatic Tanks - 1,000 gals.	1985	Ea.	2	7,176.86
Total Account 320				<u>\$38,475.87</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 330 - Distribution Reservoirs & Standpipes

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
Water Tank - 6,000 Gallon Location: Well House No. 4	1991	EA	1	\$8,578.30
Water Tank - 5,000 Gallon Location: Well House No. 5	1989	EA	1	6,946.21
Total Account 330				<u>\$15,524.51</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 331 - Transmission & Distribution Mains

Item	Year Installed	----- Quantity ----- Unit	No.	Original Cost
2" Plastic Mains	1966	LF	33,535	\$132,463.25
4" Plastic Mains	1966	LF	14,075	76,708.75
4" Plastic Mains	1993	LF	8,815	93,791.60
4" Plastic Mains	2006	LF	11,800	293,846.77
4" Plastic Mains	2007	LF	1,610	75,316.52
Total Mains				\$672,126.89
Valves, 2"	1966	Ea.	38	\$2,092.28
Valves, 4"	1966	Ea.	21	2,453.85
Valves, 4"	1993	Ea.	8	4,000.96
Valves, 4"	2006	Ea.	34	26,433.30
Valves, 4"	2007	Ea.	4	3,303.00
Total Valves				\$38,283.39
Pressure Reducing Valves:	2006	Ea.	3	12,253.89
Total Account 331				\$722,664.17

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 333 - Services

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Services, 5/8"	1973	Ea.	5	\$818.90
Services, 5/8"	1974	Ea.	14	2,636.90
Services, 5/8"	1975	Ea.	14	2,820.30
Services, 5/8"	1976	Ea.	13	2,767.83
Services, 5/8"	1977	Ea.	13	2,959.45
Services, 5/8"	1978	Ea.	13	3,087.24
Services, 5/8"	1979	Ea.	13	3,406.65
Services, 5/8"	1980	Ea.	13	3,726.06
Services, 5/8"	1981	Ea.	13	3,917.68
Services, 5/8"	1982	Ea.	13	4,215.64
Services, 5/8"	1983	Ea.	13	4,407.26
Services, 5/8"	1984	Ea.	13	4,577.69
Services, 5/8"	1985	Ea.	13	4,705.35
Services, 5/8"	1986	Ea.	13	4,811.82
Services, 5/8"	1987	Ea.	15	5,650.35
Services, 5/8"	1988	Ea.	20	8,025.20
Services, 5/8"	1989	Ea.	22	9,296.10
Services, 5/8"	1990	Ea.	14	6,007.40
Services, 5/8"	1991	Ea.	5	2,227.40
Services, 5/8"	1992	Ea.	3	1,390.50
Services, 5/8"	1993	Ea.	2	956.48
Services, 5/8"	1994	Ea.	38	18,670.92
Services, 5/8"	1995	Ea.	2	1,005.60
Services, 5/8"	1996	Ea.	2	1,051.46
Services, 5/8"	1997	Ea.	2	1,058.02
Services, 5/8"	1998	Ea.	2	1,080.94
Services, 5/8"	1999	Ea.	2	1,094.06
Services, 5/8"	2000	Ea.	2	1,139.90
Services, 5/8"	2001	Ea.	2	1,159.56
Services, 5/8"	2002	Ea.	2	1,179.22
Services, 5/8"	2003	Ea.	2	1,205.42
Services, 5/8"	2004	Ea.	2	1,270.94
Services, 5/8"	2005	Ea.	2	1,343.00
Services, 5/8"	2006	Ea.	31	26,102.18
Services, 5/8"	2007	Ea.	3	2,286.51
Services, 5/8"	2008	Ea.	6	4,651.83
Services, 5/8"	2009	Ea.	7	5,717.80
Services, 5/8"	2010	Ea.	54	31,479.18
Total Account 333			418	\$183,908.74 =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Original Cost at September 22, 2010
Account 334 - Meters

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>----- No.</u>	<u>Original Cost</u>
<u>Located at Wells:</u>				
Meters, 1" (Well #2)	1994	Ea.	1	\$108.75
Meters, 1 1/2" (Well #3)	1985	Ea.	1	272.87
Meters, 1 1/2" (Well #6)	1985	Ea.	1	272.87
Meters, 1 1/2" (Well #5)	1989	Ea.	2	606.36
Meters, 1 1/2" (Well #4)	1991	Ea.	1	327.46
Total Account 334				<u>\$1,588.31</u> =====



Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

*Contributions in Aid of Construction
Original Cost at September 22, 2010*

<u>Acct. No.</u>	<u>Account Title</u>	<u>Original Cost</u>
331	Transmission & Distribution Mains	\$41,066.18
333	Services	88,033.82
	Total	<u>\$129,100.00</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Contributions in Aid of Construction
Original Cost at September 22, 2010
Account 331 - Transmission & Distribution Mains

<u>Item</u>	<u>Year Installed</u>	<u>----- Quantity ----- Unit</u>	<u>No.</u>	<u>Original Cost</u>
2" Plastic Mains	1966	LF	10,397	\$41,066.18
Total Account 331				<u>\$41,066.18</u> =====

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

*Contributions in Aid of Construction
Original Cost at September 22, 2010
Account 333 - Services*

Item	Year Installed	----- Quantity ----- Unit	----- No.	Original Cost
Services, 5/8"	1973	Ea.	5	\$818.90
Services, 5/8"	1974	Ea.	14	2,636.90
Services, 5/8"	1975	Ea.	14	2,820.30
Services, 5/8"	1976	Ea.	13	2,767.83
Services, 5/8"	1977	Ea.	13	2,959.45
Services, 5/8"	1978	Ea.	13	3,087.24
Services, 5/8"	1979	Ea.	13	3,406.65
Services, 5/8"	1980	Ea.	13	3,726.06
Services, 5/8"	1981	Ea.	13	3,900.00
Services, 5/8"	1982	Ea.	13	3,900.00
Services, 5/8"	1983	Ea.	13	3,900.00
Services, 5/8"	1984	Ea.	13	3,900.00
Services, 5/8"	1985	Ea.	13	3,900.00
Services, 5/8"	1986	Ea.	13	3,900.00
Services, 5/8"	1987	Ea.	15	5,650.35
Services, 5/8"	1988	Ea.	20	8,025.20
Services, 5/8"	1989	Ea.	22	9,296.10
Services, 5/8"	1990	Ea.	14	6,007.40
Services, 5/8"	1991	Ea.	5	2,227.40
Services, 5/8"	1992	Ea.	3	1,390.50
Services, 5/8"	1993	Ea.	2	956.48
Services, 5/8"	1994	Ea.	38	6,800.00
Services, 5/8"	1995	Ea.	2	1,005.60
Services, 5/8"	1996	Ea.	2	1,051.46
Total Account 333				----- \$88,033.82 =====

Section 3

Aqua Pennsylvania, Inc.

Valuation of the Paupackan Lake Association, Inc.

Summary of Original Cost, Calculated Depreciation Reserve
and Depreciated Original Cost as of September 22, 2010
Based Upon Whole Life Depreciation

Acct. No.	Description	Original Cost at 9/22/10	ASL/lowa Curve	Calculated Depreciation Reserve	Depreciated Original Cost at 9/22/10
Non-Depreciable Plant:					
303.2	Source of Supply - Land & Land Rights	\$2.00			\$2.00
303.4	Transmission & Distribution - Land & Land Rights	11.00			11.00
	Total Non-Depreciable Plant	\$13.00		\$0.00	\$13.00
Depreciable Plant:					
304.2	Source of Supply & Pumping Structures	\$111,288.38	50-R3	\$55,657.76	\$55,630.62
307	Wells & Springs	30,054.01	50-R2	14,027.22	16,026.79
310	Power Generation Equipment	10,713.37	15-R3	4,800.37	5,913.00
311	Pumping Equipment	18,000.91	25-R3	8,597.02	9,403.89
320	Water Treatment Equipment	38,475.87	15-R3	28,843.69	9,632.18
330	Distribution Reservoirs & Standpipes	15,524.51	50-R3	5,886.98	9,637.53
331	Mains & Accessories:				
331.30	Plastic Pipe, 4" & Under	\$672,126.89	50-R3	\$214,406.12	\$457,720.77
331.50	Valves, 4" & Under	38,283.39	50-R3	7,079.02	31,204.37
331.90	Pressure Reducing Valves w/ Manholes	12,253.89	50-R3	1,020.40	11,233.49
	Total Account 331	\$722,664.17		\$222,505.54	\$500,158.63
333	Services	\$183,908.74	35-R3	\$68,698.71	\$115,210.03
334	Meters	1,588.31	30-R2	906.34	681.97
	Total Depreciable Plant	\$1,132,218.27		\$409,923.63	\$722,294.64
	Total Plant in Service	\$1,132,231.27		\$409,923.63	\$722,307.64
Deduct: Contribution in aid of Construction:					
331.30	Plastic Pipe, 4" & Under	\$41,066.18	50-R3	\$30,308.50	\$10,757.68
333	Services	88,033.82	35-R3	54,744.31	33,289.51
	Total Contributions in Aid of Construction	\$129,100.00		\$85,052.81	\$44,047.19
	Total Plant in Service (Net)	\$1,003,131.27		\$324,870.82	\$678,260.45

Aqua Pennsylvania, Inc.

Paupackan Lake Association, Inc.

304.20 Source of Supply & Pumping Structures

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of September 22, 2010

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1966	6,673.35	13.10	50.00	0.73804	4,925
1975	14,868.69	18.95	50.00	0.62102	9,234
1980	21,190.80	22.68	50.00	0.54642	11,579
1982	13,181.10	24.25	50.00	0.51495	6,788
1985	26,342.16	26.69	50.00	0.46625	12,282
1989	15,512.61	30.07	50.00	0.39852	6,182
1991	12,019.67	31.82	50.00	0.36356	4,370
2000	1,500.00	40.07	50.00	0.19856	298
<i>Total</i>	111,288.38				55,657.76

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 307.00 Wells & Springs

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1966	943.28	16.76	50.00	0.66477	627
1975	3,911.96	22.12	50.00	0.55768	2,182
1980	5,256.60	25.46	50.00	0.49080	2,580
1982	6,412.52	26.87	50.00	0.46267	2,967
1985	13,529.65	29.04	50.00	0.41921	5,672
Total	30,054.01				14,027.22

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 310.00 Power Generation Equipment

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 15 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
2003	10,713.37	8.28	15.00	0.44807	4,800
Total	10,713.37				4,800.37

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
311.00 Pumping Equipment

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 25 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1985	1,906.95	4.94	25.00	0.80256	1,530
1989	2,077.79	7.07	25.00	0.71707	1,490
1991	2,565.99	8.35	25.00	0.66593	1,709
1993	1,395.97	9.75	25.00	0.61009	852
1996	2,621.27	12.03	25.00	0.51888	1,360
2004	3,868.00	18.98	25.00	0.24082	931
2005	3,564.94	19.92	25.00	0.20326	725
Total	18,000.91				8,597.02

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 320.00 Water Treatment Equipment

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 15 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
1975	3,490.58	0.00	0.00	1.00000	3,491
1980	5,123.14	0.00	0.00	1.00000	5,123
1985	7,220.86	0.00	0.00	1.00000	7,221
1989	148.59	1.07	15.00	0.92867	138
1991	8,541.98	1.57	15.00	0.89557	7,650
2004	12,477.24	9.13	15.00	0.39121	4,881
2005	366.56	10.01	15.00	0.33234	122
2006	241.96	10.92	15.00	0.27171	66
2007	409.30	11.86	15.00	0.20955	86
2008	455.66	12.81	15.00	0.14610	67
Total	38,475.87				28,843.69

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 330.00 Distribution Reservoirs & Standpipes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
1989	6,946.21	30.07	50.00	0.39852	2,768
1991	8,578.30	31.82	50.00	0.36356	3,119
Total	15,524.51				5,886.98

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 331.30 Plastic Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1966	209,172.00	13.10	50.00	0.73804	154,377
1993	93,791.60	33.60	50.00	0.32792	30,756
2006	293,846.77	45.84	50.00	0.08327	24,469
2007	75,316.52	46.81	50.00	0.06377	4,803
Total	672,126.89				214,406.12

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 331.50 Valves, 4 Inch & Under

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1966	4,546.13	13.10	50.00	0.73804	3,355
1993	4,000.96	33.60	50.00	0.32792	1,312
2006	26,433.30	45.84	50.00	0.08327	2,201
2007	3,303.00	46.81	50.00	0.06377	211
Total	38,283.39				7,079.02

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
331.90 Pressure Reducing Valves w/ Manholes

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 50 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2006	12,253.89	45.84	50.00	0.08327	1,020
Total	12,253.89				1,020.40

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 333.00 Services

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 35 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
1973	818.90	6.08	35.00	0.82631	677
1974	2,636.90	6.50	35.00	0.81427	2,147
1975	2,820.30	6.95	35.00	0.80145	2,260
1976	2,767.83	7.43	35.00	0.78784	2,181
1977	2,959.45	7.93	35.00	0.77345	2,289
1978	3,087.24	8.46	35.00	0.75829	2,341
1979	3,406.65	9.02	35.00	0.74238	2,529
1980	3,726.06	9.60	35.00	0.72574	2,704
1981	3,917.68	10.20	35.00	0.70844	2,775
1982	4,215.64	10.84	35.00	0.69040	2,910
1983	4,407.26	11.49	35.00	0.67172	2,960
1984	4,577.69	12.16	35.00	0.65244	2,987
1985	4,705.35	12.86	35.00	0.63259	2,977
1986	4,811.82	13.57	35.00	0.61220	2,946
1987	5,650.35	14.30	35.00	0.59129	3,341
1988	8,025.20	15.05	35.00	0.56992	4,574
1989	9,296.10	15.82	35.00	0.54804	5,095
1990	6,007.40	16.60	35.00	0.52570	3,158
1991	2,227.40	17.40	35.00	0.50292	1,120
1992	1,390.50	18.21	35.00	0.47972	667
1993	956.48	19.04	35.00	0.45612	436
1994	18,670.92	19.88	35.00	0.43211	8,068
1995	1,005.60	20.73	35.00	0.40775	410
1996	1,051.46	21.60	35.00	0.38298	403
1997	1,058.02	22.48	35.00	0.35785	379
1998	1,080.94	23.37	35.00	0.33238	359
1999	1,094.06	24.27	35.00	0.30659	335
2000	1,139.90	25.18	35.00	0.28050	320

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 333.00 Services

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 35 Survivor Curve: R3

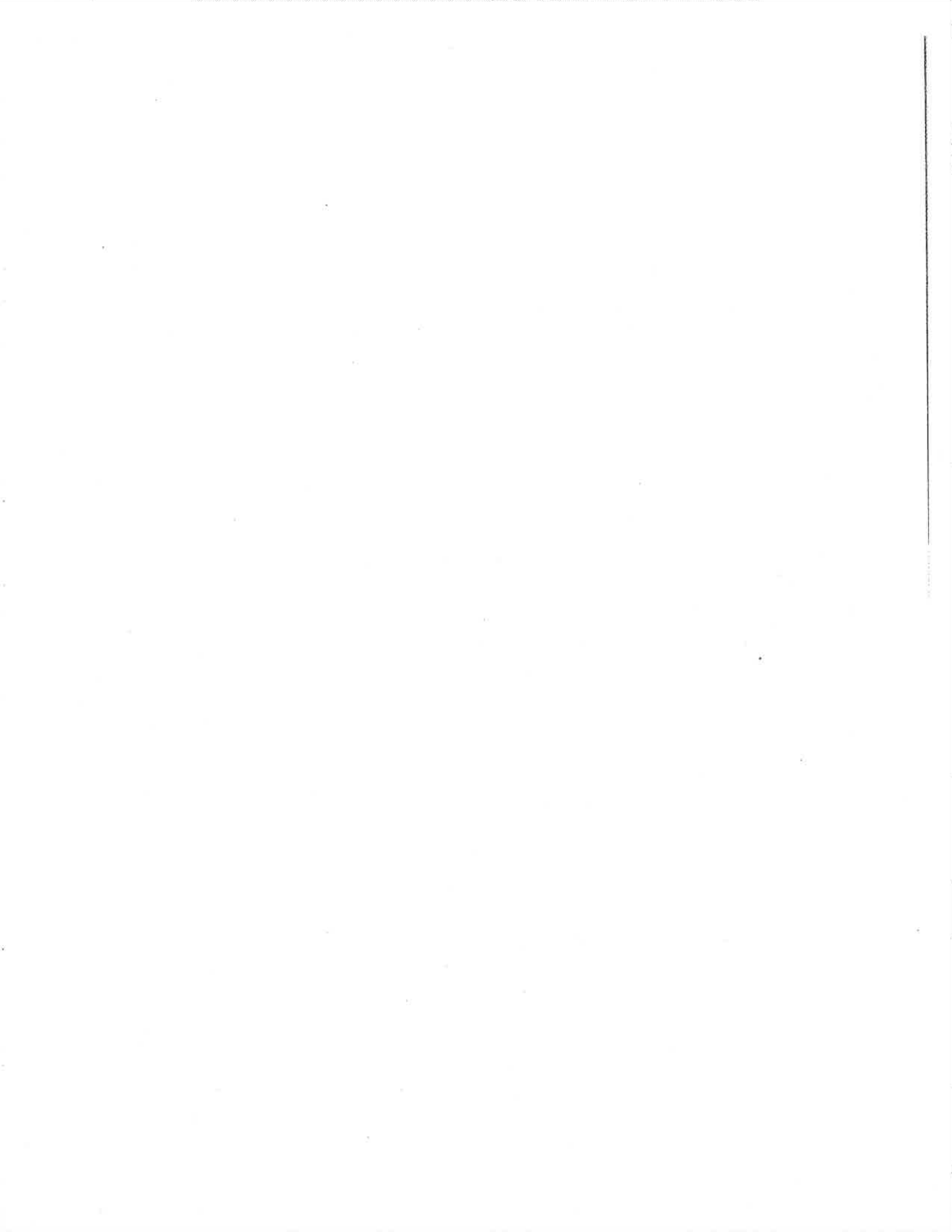
<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2001	1,159.56	26.11	35.00	0.25411	295
2002	1,179.22	27.04	35.00	0.22748	268
2003	1,205.42	27.98	35.00	0.20057	242
2004	1,270.94	28.93	35.00	0.17344	220
2005	1,343.00	29.89	35.00	0.14611	196
2006	26,102.18	30.85	35.00	0.11859	3,095
2007	2,286.51	31.82	35.00	0.09090	208
2008	4,651.83	32.79	35.00	0.06307	293
2009	5,717.80	33.77	35.00	0.03511	201
2010	31,479.18	34.63	35.00	0.01055	332
Total	183,908.74				68,698.71

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc.
 334.00 Meters & Meter Installations

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 30 Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Expectancy</i>	<i>Avg. Service Life</i>	<i>Reserve Ratio</i>	<i>Calculated Reserve</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1985	545.74	10.79	30.00	0.64050	350
1989	606.36	13.21	30.00	0.55973	339
1991	327.46	14.53	30.00	0.51580	169
1994	108.75	16.62	30.00	0.44590	48
Total	1,588.31				906.34



Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc. - CIAC
 331.30 Plastic Pipe, 4 Inch & Under

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 50 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
1966	41,066.18	13.10	50.00	0.73804	30,308
Total	41,066.18				30,308.50

Aqua Pennsylvania, Inc.
Paupackan Lake Association, Inc. - CIAC
333.00 Services

Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of September 22, 2010
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0% Average Service Life: 35 Survivor Curve: R3

Year	Original Cost	Expectancy	Avg. Service Life	Reserve Ratio	Calculated Reserve
(1)	(2)	(3)	(4)	(5)	(6)
1973	818.90	6.08	35.00	0.82631	677
1974	2,636.90	6.50	35.00	0.81427	2,147
1975	2,820.30	6.95	35.00	0.80145	2,260
1976	2,767.83	7.43	35.00	0.78784	2,181
1977	2,959.45	7.93	35.00	0.77345	2,289
1978	3,087.24	8.46	35.00	0.75829	2,341
1979	3,406.65	9.02	35.00	0.74238	2,529
1980	3,726.06	9.60	35.00	0.72574	2,704
1981	3,900.00	10.20	35.00	0.70844	2,763
1982	3,900.00	10.84	35.00	0.69040	2,693
1983	3,900.00	11.49	35.00	0.67172	2,620
1984	3,900.00	12.16	35.00	0.65244	2,545
1985	3,900.00	12.86	35.00	0.63259	2,467
1986	3,900.00	13.57	35.00	0.61220	2,388
1987	5,650.35	14.30	35.00	0.59129	3,341
1988	8,025.20	15.05	35.00	0.56992	4,574
1989	9,296.10	15.82	35.00	0.54804	5,095
1990	6,007.40	16.60	35.00	0.52570	3,158
1991	2,227.40	17.40	35.00	0.50292	1,120
1992	1,390.50	18.21	35.00	0.47972	667
1993	956.48	19.04	35.00	0.45612	436
1994	6,800.00	19.88	35.00	0.43211	2,938
1995	1,005.60	20.73	35.00	0.40775	410
1996	1,051.46	21.60	35.00	0.38298	403
Total	88,033.82				54,744.31