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April 25, 2007

VIA HAND-DELIVERY

Chairman Sara Kyle
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

filed electronically in docket office on 04/25/07

Re: Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers; Docket No. 06-00290

Dear Chairman Kyle:

Enclosed please find an original and sixteen (16) copies of Tennessee American Water Company's Filing in Response to Director's Questions at Hearing.

Please return three copies of the Response, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Yours very truly,



R. Dale Grimes

RDG/ms
Enclosures

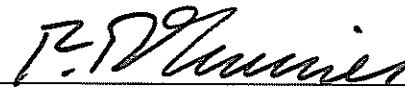
Chairman Sara Kyle

April 25, 2007

Page 2

cc: Hon. Pat Miller (*w/o enclosure*)
Hon. Ron Jones (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)
Ms. Pat Murphy (*w/o enclosure*)
Michael A. McMahon, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Vance Broemel, Esq. (*w/enclosure*)
Henry Walker, Esq. (*w/enclosure*)
David Higney, Esq. (*w/enclosure*)
Mr. John Watson (*w/enclosure*)
Mr. Michael A. Miller (*w/enclosure*)

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Dale Grimes", is written over a horizontal line.

R. Dale Grimes (#6223)

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Ross I. Booher (#019304)

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Counsel for Petitioner

Tennessee American Water Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via the method(s) indicated, on this the 25th day of April, 2007, upon the following:

☐ Hand	Michael A. McMahan
☐ Mail	Special Counsel
☐ Facsimile	City of Chattanooga (Hamilton County)
☒ Overnight	Office of the City Attorney
☒ Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
☒ Hand	Timothy C. Phillips, Esq.
☐ Mail	Vance L. Broemel, Esq.
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☐ Overnight	Consumer Advocate and Protection Division
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	Nashville, TN 37243
☒ Hand	Henry M. Walker, Esq.
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Tennessee-American Water Company
Docket Number 06-00290

Filing in Response to Director's Questions at Hearing -- Exhibit No. 1
Summary of ECIS (ORCOM) Charges to TAWC

Director Jones at the hearing on April 20, 2007 requested that the Company provide information regarding the total costs for the ECIS project, the amount allocated to TAWC, and the method of allocation to TAWC. The total cost of the ECIS project for AWW was \$73,741,463 and \$3,271,852 was either allocated to TAWC or was charged directly by TAWC to the project. The cost of the project at TAWC equals a cost of \$44.39 per customer, which TAWC believes to well below the cost for TAWC to have upgraded EDIS or replaced EDIS on a stand-alone basis for TAWC. The ECIS (ORCOM Software) project was a major undertaking for TAWC and the other AWW subsidiaries and was developed over number of years. The portions allocated to TAWC were based on formulas for each year based on the ratio of TAWC customers to the total AWW customers participating in the project each period. Attached are a number of schedules that provide summaries of the total AWW and TAWC costs, and the allocations to TAWC. A summary of each schedule follows:

Index 1 - The schedule recaps the total charges for the ECIS project at AWW categorized by the type of expense or contractor charge.

Index 2 – Summary of ECIS costs at TAWC categorized by charges from AWW and direct charges at TAWC. The schedule also includes the amount charged to Utility Plant by year.

Index 3 – ORCOM charges from 1996-1999 with the amount allocated to TAWC. The allocation factor was 3.6% during this timeframe.

Index 4 – ORCOM charges from 1999-2000 with the amount allocated to TAWC. The allocation factor was 2.84% during this period.

Index 5 – ORCOM software costs for TAWC recorded in 2000.

Index 6 – ORCOM charges for 2001 with the amount allocated to TAWC. The allocation factor was 2.44% during this period.

Index 7 – ORCOM charges for 2002 with the amount allocated to TAWC. The allocation factor was ranged between 1.74% to 2.73% during this period based on the customer counts and types of expenses.

Index 8 – ORCOM charges for 2003 with the amount allocated to TAWC. The allocation factor ranged between 1.33% to 3.17% during this period based on customer counts and the types of expenses.

Index 9 – ORCOM charges for 2004 with the amount allocated to TAWC. The allocation factor was 2.44% during this period.

Index 10 – Summary of Accenture Consulting charges for 2000. TAWC was allocated 3.4% of these charges based on the applicable customer formula.

Index 11 – Summary of Accenture Consulting charges for 2001. TAWC was allocated between 2.70% and 2.73% during this period.

Index 12 – Summary of Accenture Consulting charges for 2002. TAWC was allocated between 2.39% and 2.44% during this period.

Index 13 – Summary of Accenture Consulting charges for 2003. TAWC was allocated 2.05% and 2.63% during this period based on the customer counts and types of expenses.

Index 14 – Summary of Accenture Consulting charges for 2004. TAWC was allocated 2.63% during this period.

**Summary of Major Vendor Invoices for ECIS Project
American Water Works Service Company, Inc.**

Vendor	1996	1997	1998	1999	2000	2001	2002	2003	2004	Totals		ORCOM Total 1996 - 2004
										2000 - 2004	Prior to 2000	
ORCOM	\$270,212	\$2,545,270	\$4,266,601	\$2,037,425	\$ 2,296,285	\$6,729,677	\$4,655,578	\$484,876	\$249,358	\$14,415,773	\$9,119,508	\$23,535,282
Accenture					\$1,841,000	\$10,088,209	\$5,512,874	\$3,330,772	\$570,677	\$21,343,532		
Total	\$270,212	\$2,545,270	\$4,266,601	\$2,037,425	\$4,137,285	\$16,817,886	\$10,168,452	\$3,815,648	\$820,035	\$35,759,305		
Note - Support for these numbers is qualified as noted in the individual sheets. Only invoices for which we have a paper copy or a scanned copy have been included, excepting Accenture payments for 2001, for which the qualifying note has been added in the Accenture 2001 spreadsheet. Conclusion is at least some part of the Accenture total of \$31.2 million must be ORCOM charges, as we have invoices totaling \$23.5 million, but only \$17.7 million assigned to ORCOM in the summary												
ORCOM 1996 to 1999 AWW SC Labor & Other Sub-Total Identified Charges AFUDC Charges Sub-Total Including AFUDC Other Sub-Total All Analyzed Total Project Balance Various Miscellaneous												
										\$9,119,508		
										13,872,488		
										\$ 58,751,301		
										6,134,775		
										\$ 64,886,076		
										4,855,169		
										\$ 69,741,245		
										\$ 73,741,463		
										\$4,000,218		

Tennessee American ECIS Investment

Vendor	1996	1997	1998	1999	2000	2001	2002	2003	2004	Totals 1996 - 2004
ORCOM	\$335	\$54,107	\$280,073	\$303,190	\$ 58,589	\$91,820	\$ 119,497	\$8,785	\$ -	\$916,396
Software only	9,434	-	40,051	10,790	8,458	36,781	-	-	-	45,239
Accenture	-	-	-	-	62,594	273,106	133,063	84,618	15,193	568,575
AWWSCO					22,568	305,825	150,617	432,820	3,461	915,292
AFUDC					106,932	57,201	165,941	196,961	-	420,103
Direct Charges TAWC:										
Labor										
IBM PC Server							13,018	322,730		335,748
								70,499		70,499
Totals	\$9,769	\$54,107	\$320,124	\$313,981	\$259,141	\$764,734	\$582,136	\$1,116,414	\$18,654	\$3,271,852
Transfer to Utility Plant from JDE Asset Summary										
					\$782,754	696,747	540,235	1,223,668	28,448	\$3,271,852

A - Add up ORCOM charges on SC summary

These numbers are from the summaries in "ORCOM 1999 2000", "1996 1999 Detail ORCOM" and "2001 Detail ORCOM" tabs. Allocations are clearly shown.

These numbers are taken from the "ORCOM 2002" and "Accenture 2002" tabs, an allocation factor the same as invoices where the cost distribution to TN is documented. The 2002 SC detail accounts for \$137,761 of ORCOM costs to TN

Taken from JDE transaction file for all years for Object Accounts 105350 and 105375

Accenture 2000 and 2001 charges are allocated from the total invoice using the allocation factor in effect at the time.

All the invoices were contract invoices and would have been allocated to all participants.

Service Company charges extracted from JDE transaction file for appropriate object accounts given descriptive information in the file.

For Tennessee Allocated Portion

See Row 44

DESCRIPTION	NUMBER	INVOICE DATED	10/30/1996	12/31/1996	1/31/1997	1/31/1997	2/28/1997	12/6/1997	3/31/1997	4/30/1997	5/31/1997	6/30/1997	6/30/1997	7/31/1997	COST TO DATE
SOFTWARE COST			\$260,950.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,125.00	\$0.00	\$1,043,800.00	\$0.00	\$0.00	\$1,304,750.00
ACCOUNT MANAGEMENT	1.1		\$0.00	\$312.50	\$0.00	\$0.00	\$13,187.50	\$0.00	\$19,437.50	\$0.00	\$875.00	\$0.00	\$15,937.50	\$19,500.00	\$84,375.00
PROJECT MANAGEMENT	1.2		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,468.75	\$4,750.00	\$0.00	\$7,937.50	\$22,375.00	\$47,531.25
TRAINING ASSISTANCE			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TESTING ASSISTANCE			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PROCESS ANALYSIS			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TECHNICAL SERVICES			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PRE-INSTALLATION PLANNING	2.1/2.3		\$0.00	\$4,375.00	\$14,375.00	\$0.00	\$6,937.50	\$0.00	\$17,125.00	\$62,812.50	\$29,562.50	\$0.00	\$5,687.50	\$0.00	\$147,250.00
SYSTEM STUDIES	2.4/2.5/3.1		\$0.00	\$0.00	\$0.00	\$0.00	\$23,250.00	\$0.00	\$25,937.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,250.00
SET UP CONTROL FILE	4.2		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,093.75
CONVERSION SERVICES	5.1		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,125.00	\$0.00	\$7,937.50	\$0.00	\$18,625.00	\$18,625.00	\$37,000.00
CORPORATE MODIFICATIONS	6.1		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,027.50	\$64,215.00	\$52,187.50
CONTRACTUAL TRAINING	4.1/8.1/8.3		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,040.00	\$4,887.50	\$0.00	\$0.00	\$5,800.00	\$13,727.50
GO LIVE SUPPORT	9.1		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FOLLOW UP SUPPORT	9.2		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HELP DESK TRAINING			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SYSTEM ADMINISTRATOR			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CSR FUNCTIONS TRAINING			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00
MIRROR POND INSTALL TRAINING			\$0.00	\$0.00	\$0.00	\$9,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,500.00
TRAVEL/MISC. EXPENSES			\$0.00	\$4,574.92	\$4,204.73	\$0.00	\$5,841.83	\$0.00	\$8,756.59	\$14,107.54	\$12,958.36	\$0.00	\$11,387.68	\$12,788.10	\$75,619.75
TOTAL INVOICE			\$260,950.00	\$9,262.42	\$18,579.73	\$9,500.00	\$50,216.63	\$7,000.00	\$73,381.59	\$105,553.79	\$75,814.61	\$1,043,800.00	\$79,290.18	\$140,525.60	\$1,874,874.75

SUMMARY OF ORCOM INSTALLATION COSTS BY COMPANY

COMPANY	INVOICE DATED	10/30/1996	12/31/1996	1/31/1997	2/28/1997	12/6/1997	3/31/1997	4/30/1997	5/31/1997	6/30/1997	6/30/1997	7/31/1997	COST TO DATE
PENNSYLVANIA-AMERICAN	\$73,895	\$2,622.92	\$5,261.37	\$783.17	\$14,220.30	\$1,283.17	\$20,780.05	\$30,173.69	\$21,469.02	\$641,224.00	\$22,453.25	\$39,793.78	\$879,959.72
NEW JERSEY-AMERICAN	\$46,393	\$1,646.73	\$3,303.22	\$2,177.79	\$8,927.86	\$1,777.79	\$13,046.23	\$18,943.79	\$13,478.79	\$402,576.00	\$14,096.70	\$24,983.50	\$549,751.40
INDIANA-AMERICAN	\$22,642	\$803.67	\$1,612.10	\$1,086.77	\$4,357.16	\$1,086.77	\$6,367.09	\$9,245.34	\$6,578.20	\$0.00	\$6,879.76	\$12,192.97	\$72,851.83
ILLINOIS-AMERICAN	\$20,123	\$714.25	\$1,432.76	\$1,077.11	\$3,872.43	\$77.11	\$5,658.77	\$8,216.82	\$5,846.39	\$0.00	\$6,114.40	\$10,835.53	\$63,969.58
WEST VIRGINIA-AMERICAN	\$18,245	\$647.59	\$1,299.01	\$1,069.92	\$3,510.93	\$2,069.92	\$3,130.50	\$7,449.75	\$5,300.61	\$0.00	\$5,543.60	\$9,824.90	\$60,091.73
CALIFORNIA-AMERICAN	\$14,200	\$504.04	\$1,011.07	\$1,054.42	\$2,732.69	\$54.42	\$3,993.26	\$4,125.66	\$4,125.66	\$0.00	\$4,314.79	\$7,647.09	\$49,435.86
MISSOURI-AMERICAN	\$12,378	\$439.34	\$881.29	\$277.13	\$2,381.93	\$277.13	\$3,480.71	\$5,054.16	\$3,596.11	\$0.00	\$3,760.97	\$6,665.54	\$39,192.31
KENTUCKY-AMERICAN	\$11,867	\$421.22	\$844.94	\$265.70	\$2,283.67	\$265.70	\$3,337.12	\$4,845.67	\$3,447.77	\$0.00	\$3,605.82	\$6,390.58	\$37,575.19
TENNESSEE-AMERICAN	\$9,434	\$334.85	\$671.69	\$211.22	\$1,815.44	\$211.22	\$2,652.89	\$3,852.13	\$2,740.85	\$0.00	\$2,866.50	\$5,080.28	\$29,871.07
IOWA-AMERICAN	\$7,572	\$268.78	\$538.15	\$169.54	\$1,457.20	\$169.54	\$2,129.40	\$3,092.00	\$2,200.00	\$0.00	\$2,300.86	\$4,077.60	\$23,976.27
VIRGINIA-AMERICAN	\$6,403	\$227.28	\$455.91	\$143.37	\$1,232.21	\$143.37	\$1,800.63	\$2,614.60	\$1,660.33	\$0.00	\$1,945.61	\$3,448.20	\$20,274.51
OHIO-AMERICAN	\$5,603	\$198.89	\$398.96	\$125.45	\$1,078.30	\$125.45	\$1,575.71	\$2,288.01	\$1,627.95	\$0.00	\$1,702.58	\$3,017.48	\$17,741.78
CONNECTICUT-AMERICAN	\$3,652	\$129.62	\$260.02	\$418.33	\$702.77	\$418.33	\$1,026.95	\$1,491.19	\$1,061.00	\$0.00	\$1,109.64	\$1,966.61	\$12,236.46
MASSACHUSETTS-AMERICAN	\$2,311	\$82.03	\$164.54	\$264.73	\$444.72	\$264.73	\$649.87	\$943.65	\$671.42	\$0.00	\$702.20	\$1,244.50	\$7,743.39
NEW MEXICO-AMERICAN	\$1,919	\$68.12	\$136.64	\$7.35	\$369.31	\$7.35	\$539.67	\$783.62	\$557.56	\$0.00	\$563.12	\$6,005.20	\$6,005.20
NEW YORK-AMERICAN	\$1,596	\$56.65	\$113.63	\$182.82	\$307.11	\$182.82	\$448.78	\$651.55	\$463.66	\$0.00	\$484.91	\$859.40	\$5,347.43
HAWAII-AMERICAN	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HAMPTON	\$1,073	\$38.08	\$75.38	\$122.88	\$206.44	\$122.88	\$301.67	\$438.03	\$311.67	\$0.00	\$325.95	\$577.69	\$3,594.67
MARYLAND-AMERICAN	\$630	\$22.35	\$44.84	\$14.10	\$121.18	\$14.10	\$177.08	\$257.13	\$183.95	\$0.00	\$191.34	\$339.11	\$1,994.18
PARADISE VALLEY	\$614	\$21.79	\$43.71	\$2.35	\$118.15	\$2.35	\$172.65	\$250.70	\$176.38	\$0.00	\$186.56	\$330.63	\$1,921.27
SALISBURY	\$400	\$14.21	\$28.50	\$45.85	\$77.03	\$45.85	\$112.56	\$163.44	\$116.29	\$0.00	\$121.62	\$215.55	\$1,340.90
TOTAL CHARGES	\$260,950.00	\$9,262.42	\$18,579.73	\$9,500.00	\$50,216.63	\$7,000.00	\$73,381.59	\$106,553.79	\$75,814.61	\$1,043,800.00	\$79,290.18	\$140,525.60	\$1,874,874.75

COMPANY	NUMBER OF CUSTOMERS	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	530,411	\$73,895.33	\$2,622.91	\$5,261.37	\$283.18	\$14,220.31	\$20,780.05	\$30,173.70	\$21,469.04	\$641,224.00	\$22,453.24	\$38,783.77	\$24,983.50
NEW JERSEY-AMERICAN	333,005	\$46,393.29	\$1,646.73	\$3,303.22	\$177.79	\$8,927.86	\$13,046.23	\$18,943.79	\$13,478.79	\$402,576.00	\$14,096.70	\$6,819.76	\$12,192.97
INDIANA-AMERICAN	162,520	\$22,641.82	\$803.67	\$1,612.11	\$86.77	\$4,357.16	\$6,367.09	\$8,216.82	\$5,846.39	\$0.00	\$6,819.76	\$6,819.76	\$10,836.53
ILLINOIS-AMERICAN	144,440	\$20,122.96	\$771.14	\$1,432.76	\$77.11	\$3,872.43	\$5,658.77	\$8,216.82	\$5,846.39	\$0.00	\$6,819.76	\$6,819.76	\$10,836.53
WEST VIRGINIA-AMERICAN	130,956	\$18,244.41	\$647.59	\$1,298.01	\$69.92	\$3,510.93	\$5,130.50	\$7,449.75	\$5,300.61	\$0.00	\$5,543.60	\$9,824.90	\$9,824.90
CALIFORNIA-AMERICAN	101,928	\$14,200.31	\$504.04	\$1,011.07	\$54.42	\$2,732.69	\$3,993.26	\$5,798.42	\$4,125.55	\$0.00	\$4,314.79	\$7,647.09	\$7,647.09

For Tennessee Allocated Portion
See Row 44

DESCRIPTION	NUMBER	INVOICE DATED	10/30/1996	12/31/1996	1/31/1997	1/31/1997	2/28/1997	12/6/1997	3/31/1997	4/30/1997	5/31/1997	6/30/1997	6/30/1997	7/31/1997	COST TO DATE
MISSOURI-AMERICAN	88,845		\$12,377.63	\$439.34	\$881.29	\$47.43	\$2,381.93		\$3,480.71	\$5,054.16	\$3,596.11	\$0.00	\$3,760.97	\$6,665.54	
KENTUCKY-AMERICAN	85,180		\$11,867.03	\$421.22	\$844.94	\$45.48	\$2,283.67		\$3,337.12	\$4,845.67	\$3,447.77	\$0.00	\$3,605.82	\$6,390.58	
TENNESSEE-AMERICAN	67,715		\$9,433.66	\$334.85	\$671.69	\$36.15	\$1,815.44		\$2,652.89	\$3,852.13	\$2,740.85	\$0.00	\$2,866.50	\$5,080.28	\$29,484.64
IOWA-AMERICAN	54,353		\$7,572.30	\$268.76	\$539.15	\$29.02	\$1,457.20		\$2,129.40	\$3,092.00	\$2,200.00	\$0.00	\$2,300.86	\$4,077.80	
VIRGINIA-AMERICAN	45,961		\$6,403.15	\$227.28	\$455.91	\$24.54	\$1,232.21		\$1,800.63	\$2,614.60	\$1,860.33	\$0.00	\$1,945.61	\$3,448.20	
OHIO-AMERICAN	40,220		\$5,603.33	\$198.89	\$398.96	\$21.47	\$1,078.30		\$1,575.71	\$2,288.01	\$1,627.95	\$0.00	\$1,702.58	\$3,017.48	
CONNECTICUT-AMERICAN	26,213		\$3,651.92	\$129.62	\$260.02	\$13.99	\$702.77		\$1,026.95	\$1,491.19	\$1,061.00	\$0.00	\$1,109.64	\$1,966.61	
MASSACHUSETTS-AMERICAN	16,998		\$2,310.99	\$82.03	\$164.54	\$8.86	\$444.72		\$649.87	\$943.65	\$671.42	\$0.00	\$702.20	\$1,244.50	
NEW MEXICO-AMERICAN	13,775		\$1,919.09	\$68.12	\$136.64	\$7.35	\$369.31		\$539.67	\$783.62	\$557.56	\$0.00	\$583.12	\$1,033.46	
NEW YORK-AMERICAN	11,455		\$1,595.88	\$56.65	\$113.63	\$6.12	\$307.11		\$448.78	\$651.65	\$463.66	\$0.00	\$484.91	\$859.40	
HAMPTON	7,700		\$1,072.74	\$38.08	\$76.38	\$4.11	\$206.44		\$301.67	\$438.03	\$311.67	\$0.00	\$325.95	\$577.69	
MARYLAND-AMERICAN	4,520		\$629.71	\$22.35	\$44.84	\$2.41	\$121.18		\$177.08	\$257.13	\$182.95	\$0.00	\$191.34	\$339.11	
PARADISE VALLEY	4,407		\$613.97	\$21.79	\$43.71	\$2.35	\$118.15		\$172.65	\$250.70	\$178.38	\$0.00	\$186.56	\$330.63	
SALISBURY	2,873		\$400.26	\$14.21	\$28.50	\$1.53	\$77.03		\$112.56	\$163.44	\$116.29	\$0.00	\$121.62	\$215.55	
TOTAL	1,873,065		\$260,950.00	\$9,262.42	\$18,579.73	\$1,000.00	\$50,216.83		\$73,381.59	\$106,553.79	\$75,814.61	\$1,043,800.00	\$79,290.18	\$140,525.60	

SUMMARY OF ORCOM INSTALLATION COSTS

Summary of Project Expenses														
Description	Task Number	Invoice Dated	Invoice Details										Cost to Date	
			8/31/1997	10/15/1997	11/17/1997	12/31/1997	1/6/1998	1/23/1998	2/17/1998	3/31/1998	4/7/1998	5/13/1998		4/108/5/1098
SOFTWARE COST		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$105,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,409,750.00
ACCOUNT MANAGEMENT	1.1	\$8,082.50	\$8,750.00	\$7,687.50	\$7,500.00	\$5,750.00	\$0.00	\$6,562.50	\$4,250.00	\$9,625.00	\$23,250.00	\$0.00	\$0.00	\$165,812.50
PROJECT MANAGEMENT	1.2	\$51,500.00	\$47,841.25	\$64,212.50	\$41,393.75	\$56,715.00	\$0.00	\$64.105	\$49,865.00	\$42,632.50	\$0.00	\$0.00	\$0.00	\$526,974.25
TRAINING ASSISTANCE		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,875.00	\$0.00	\$0.00	\$2,875.00
TESTING ASSISTANCE		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,343.75	\$0.00	\$0.00	\$25,343.75
PROCESS ANALYSIS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,187.50	\$43,875.00	\$0.00	\$0.00	\$0.00	\$96,593.75
TECHNICAL SERVICES		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,187.50	\$8,000.00	\$0.00	\$0.00	\$0.00	\$17,312.50
PRE-INSTALLATION PLANNING	2.1/2.3	\$0.00	\$0.00	\$2,500.00	\$0.00	\$0.00	\$0.00	\$1,250.00	\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46,812.50
SYSTEM STUDIES	2.4/2.5/3.1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150,000.00
SET UP CONTROL FILE	4.2	\$0.00	\$0.00	\$5,437.50	\$5,062.50	\$0.00	\$0.00	\$11,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65,093.75
CONVERSION SERVICES	5.1	\$12,750.00	\$3,500.00	\$26,250.00	\$22,062.50	\$25,812.50	\$0.00	\$25,375.00	\$33,750.00	\$66,250.00	\$0.00	\$0.00	\$0.00	\$330,062.50
CORPORATE MODIFICATIONS	6.1	\$59,562.50	\$64,531.25	\$194,500.00	\$227,347.50	\$151,738.75	\$0.00	\$93,812.50	\$80,187.50	\$65,062.50	\$50,656.25	\$0.00	\$0.00	\$1,041,613.75
CONTRACTUAL TRAINING	4.1/8.1/8.3	\$0.00	\$14,832.50	\$4,547.50	\$0.00	\$595.00	\$0.00	\$8,187.50	\$19,720.00	\$7,140.00	\$935.00	\$0.00	\$0.00	\$69,865.00
GO LIVE SUPPORT	9.1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FOLLOW UP SUPPORT	9.2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HELP DESK TRAINING		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,000.00
SYSTEM ADMINISTRATOR		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,500.00	\$9,500.00
CSR FUNCTIONS TRAINING		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00
MIRROR POND INSTALL TRAINING		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,500.00
TRAVEL/MISC. EXPENSES		\$10,232.70	\$9,695.34	\$32,729.21	\$8,319.17	\$6,765.10	\$0.00	\$25,873.37	\$22,778.16	\$40,535.74	\$45,191.07	\$1,201.95	\$0.00	\$278,931.56
TOTAL INVOICE		\$142,107.70	\$148,950.34	\$337,864.21	\$311,685.42	\$247,366.35	\$105,000.00	\$229,145.87	\$233,175.66	\$301,863.24	\$310,102.32	\$11,201.95	\$11,500.00	\$4,254,837.81

SUMMARY OF ORCOM INSTALLATION COSTS BY COMPANY

COMPANY	INVOICE DATED	10/15/1997	11/17/1997	12/31/1997	1/5/1998	1/23/1998	2/17/1998	3/31/1998	4/7/1998	5/13/1998	4/10/5/10/98	1/23&4/7/98	COST TO DATE
PENNSYLVANIA-AMERICAN	8/31/1997	\$40,241.79	\$95,675.75	\$88,262.48	\$70,048.74	\$29,733.71	\$64,889.11	\$66,030.24	\$85,481.08	\$87,814.17	\$38,500.00	\$1,548,556.64	
NEW JERSEY-AMERICAN	\$25,264.78	\$26,481.31	\$60,067.57	\$55,413.35	\$43,978.31	\$49,738.96	\$41,455.40	\$40,738.96	\$43,667.10	\$55,131.90	\$1,900.00	\$972,731.31	
INDIANA-AMERICAN	\$12,330.24	\$12,923.96	\$29,315.42	\$27,043.95	\$21,463.21	\$9,110.52	\$19,882.27	\$20,231.92	\$26,191.73	\$26,906.81	\$104.29	\$978,355.97	
ILLINOIS-AMERICAN	\$10,958.53	\$11,486.19	\$26,054.14	\$24,035.39	\$19,075.47	\$8,097.00	\$17,670.41	\$17,981.17	\$23,277.96	\$23,913.31	\$92.69	\$248,511.84	
WEST VIRGINIA-AMERICAN	\$9,935.31	\$8,410.52	\$23,621.90	\$21,791.60	\$17,294.71	\$7,341.11	\$16,020.81	\$16,302.56	\$21,104.87	\$21,680.91	\$84.03	\$229,483.66	
CALIFORNIA-AMERICAN	\$7,733.18	\$10,105.54	\$18,385.81	\$16,961.22	\$13,461.12	\$5,713.86	\$12,469.60	\$12,688.30	\$16,426.72	\$16,875.07	\$85.41	\$174,322.29	
MISSOURI-AMERICAN	\$6,740.59	\$7,065.15	\$16,025.90	\$14,784.16	\$11,733.32	\$4,980.46	\$10,869.06	\$11,060.21	\$14,318.26	\$14,709.07	\$57.01	\$151,535.50	
KENTUCKY-AMERICAN	\$6,462.53	\$6,773.71	\$15,364.80	\$14,174.29	\$11,249.30	\$4,775.01	\$10,420.70	\$10,603.96	\$13,727.61	\$14,102.30	\$54.66	\$145,284.06	
TENNESSEE-AMERICAN	\$5,384.25	\$12,214.46	\$11,268.04	\$9,942.78	\$8,942.08	\$3,795.96	\$8,284.08	\$9,429.76	\$10,912.95	\$11,210.81	\$43.45	\$115,495.68	
IOWA-AMERICAN	\$4,123.71	\$4,322.27	\$9,804.22	\$9,044.55	\$7,178.13	\$3,046.91	\$6,649.40	\$6,766.34	\$8,759.53	\$8,998.62	\$34.88	\$92,704.83	
VIRGINIA-AMERICAN	\$3,487.02	\$3,654.92	\$8,290.46	\$7,648.09	\$6,069.84	\$2,576.47	\$5,622.75	\$5,721.63	\$7,407.08	\$7,609.25	\$29.49	\$78,391.51	
OHIO-AMERICAN	\$3,051.45	\$3,198.36	\$7,254.90	\$6,692.77	\$5,311.65	\$2,254.85	\$4,920.41	\$5,006.94	\$6,481.86	\$6,658.77	\$25.81	\$68,599.37	
CONNECTICUT-AMERICAN	\$1,988.76	\$2,084.52	\$4,728.31	\$4,361.95	\$3,461.82	\$1,469.44	\$3,206.83	\$3,263.23	\$4,224.49	\$4,339.79	\$16.82	\$45,382.42	
MASSACHUSETTS-AMERICAN	\$1,258.52	\$1,319.12	\$2,982.74	\$2,760.31	\$2,190.69	\$929.89	\$2,029.33	\$2,050.02	\$2,673.32	\$2,746.29	\$10.64	\$28,718.67	
NEW MEXICO-AMERICAN	\$1,045.10	\$1,095.42	\$2,484.15	\$2,262.21	\$1,819.20	\$772.20	\$1,685.20	\$1,714.83	\$2,219.98	\$2,280.57	\$8.84	\$23,423.49	
NEW YORK-AMERICAN	\$869.08	\$910.93	\$2,066.26	\$1,906.16	\$1,512.80	\$642.14	\$1,401.37	\$1,426.02	\$1,846.09	\$1,896.48	\$7.35	\$19,832.11	
HAWAII-AMERICAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
HAMPTON	\$584.19	\$612.32	\$1,386.93	\$1,281.31	\$1,016.90	\$431.65	\$942.00	\$958.96	\$1,240.93	\$1,274.80	\$4.94	\$13,331.20	
MARYLAND-AMERICAN	\$342.93	\$359.44	\$815.32	\$752.15	\$596.93	\$253.38	\$552.96	\$562.69	\$728.44	\$748.33	\$2.90	\$7,709.65	
PARADISE VALLEY	\$334.35	\$350.45	\$794.94	\$733.34	\$582.01	\$247.05	\$548.62	\$548.62	\$710.23	\$729.62	\$2.83	\$7,493.65	
SALISBURY	\$217.97	\$228.47	\$516.23	\$478.08	\$379.42	\$161.05	\$351.46	\$357.66	\$463.01	\$475.65	\$1.84	\$4,973.76	
TOTAL CHARGES	\$142,107.70	\$148,950.34	\$337,864.21	\$311,685.42	\$247,366.35	\$105,000.00	\$229,145.87	\$233,175.66	\$301,863.24	\$310,102.32	\$11,201.95	\$4,254,837.81	

NUMBER OF

COMPANY	INVOICE	6/3/1997	10/15/1997	11/17/1997	12/31/1997	1/6/1998	2/17/1998	2/17/1998	3/31/1998	4/7/1998	5/13/1998	12/34/7/98
PENNSYLVANIA-AMERICAN	530,411	\$42,179.48	\$95,675.75	\$60,262.49	\$70,048.73	\$29,733.70	\$64,869.03	\$66,030.24	\$55,481.06	\$87,814.19	\$3,900.00	\$3,900.00
NEW JERSEY-AMERICAN	333,005	\$25,264.78	\$26,481.31	\$90,067.57	\$55,413.35	\$43,978.31	\$18,657.54	\$41,455.40	\$33,667.10	\$55,131.90	\$213.69	\$1,900.00
INDIANA-AMERICAN	162,520	\$12,932.96	\$29,315.42	\$27,043.97	\$21,463.21	\$19,115.52	\$17,882.27	\$20,321.92	\$26,191.73	\$26,906.61	\$104.29	\$1,900.00
ILLINOIS-AMERICAN	144,440	\$10,958.53	\$11,486.19	\$26,054.14	\$24,035.39	\$19,075.47	\$8,097.00	\$17,670.41	\$17,981.17	\$22,277.96	\$273.31	\$92.69
WEST VIRGINIA-AMERICAN	130,955	\$9,935.51	\$10,413.92	\$23,621.90	\$21,791.61	\$17,294.71	\$7,341.11	\$16,020.81	\$16,302.56	\$21,104.87	\$12,680.91	\$84.03
CALIFORNIA-AMERICAN	101,928	\$7,337.18	\$8,105.54	\$16,961.22	\$13,461.12	\$5,713.85	\$12,469.60	\$12,688.90	\$16,426.72	\$16,875.07	\$65.41	\$0.00

SUMMARY OF ORCOM INSTALLATION COSTS														INVOICE DATED		PAGE 2	
DESCRIPTION	TASK	NUMBER	8/31/1997	10/15/1997	11/17/1997	12/31/1997	1/6/1998	1/23/1998	2/17/1998	3/31/1998	4/7/1998	5/13/1998	4/10&5/10/98	1/23&4/7/98	DATE	COST TO	
MISSOURI-AMERICAN		88,845	\$6,740.59	\$7,065.15	\$16,025.90	\$14,784.16	\$11,733.32	\$4,980.46	\$10,869.05	\$11,060.21	\$14,318.26	\$14,709.07	\$57.01	\$0.00			
KENTUCKY-AMERICAN		85,180	\$6,462.53	\$6,773.71	\$15,364.80	\$14,174.29	\$11,249.30	\$4,775.01	\$10,420.70	\$10,603.96	\$13,727.61	\$14,102.30	\$54.66	\$0.00			
TENNESSEE-AMERICAN		67,715	\$5,137.47	\$5,384.85	\$12,214.46	\$11,268.04	\$8,942.78	\$3,795.96	\$8,284.08	\$8,429.76	\$10,912.95	\$11,210.81	\$43.45	\$0.00			
IOWA-AMERICAN		54,353	\$4,123.71	\$4,322.27	\$9,604.22	\$9,044.55	\$7,178.13	\$3,046.91	\$6,649.40	\$6,766.34	\$8,759.53	\$8,998.62	\$34.88	\$0.00			
VIRGINIA-AMERICAN		45,961	\$3,487.02	\$3,654.92	\$8,290.46	\$7,648.09	\$6,069.84	\$2,576.47	\$5,622.75	\$5,721.63	\$7,407.08	\$7,609.25	\$29.49	\$0.00			
OHIO-AMERICAN		40,220	\$3,051.45	\$3,198.38	\$7,254.90	\$6,692.77	\$5,311.65	\$2,254.65	\$4,920.41	\$5,006.94	\$6,481.86	\$6,658.77	\$25.81	\$0.00			
CONNECTICUT-AMERICAN		26,213	\$1,988.76	\$2,084.52	\$4,728.31	\$4,361.95	\$3,461.82	\$1,469.44	\$3,206.83	\$3,263.23	\$4,224.49	\$4,339.79	\$16.82	\$0.00			
MASSACHUSETTS-AMERICAN		16,586	\$1,258.52	\$1,319.12	\$2,992.15	\$2,760.31	\$2,190.69	\$929.89	\$2,029.33	\$2,065.02	\$2,673.32	\$2,746.29	\$10.64	\$0.00			
NEW MEXICO-AMERICAN		13,775	\$1,045.10	\$1,095.42	\$2,484.74	\$2,292.21	\$1,819.20	\$772.20	\$1,665.20	\$1,714.83	\$2,219.98	\$2,280.57	\$8.84	\$0.00			
NEW YORK-AMERICAN		11,455	\$869.08	\$910.93	\$2,066.26	\$1,906.16	\$1,512.80	\$642.14	\$1,401.37	\$1,426.02	\$1,846.09	\$1,896.48	\$7.35	\$0.00			
HAMPTON		7,700	\$584.19	\$612.32	\$1,388.93	\$1,281.31	\$1,016.90	\$431.65	\$942.00	\$958.56	\$1,240.93	\$1,274.80	\$4.94	\$0.00			
MARYLAND-AMERICAN		4,520	\$342.93	\$359.44	\$815.32	\$752.15	\$586.93	\$253.38	\$552.96	\$562.69	\$728.44	\$748.33	\$2.90	\$0.00			
PARADISE VALLEY		4,407	\$334.35	\$350.45	\$794.94	\$733.34	\$582.01	\$247.05	\$539.14	\$548.62	\$710.23	\$729.62	\$2.83	\$0.00			
SALISBURY		2,873	\$217.97	\$228.47	\$518.23	\$478.08	\$379.42	\$161.05	\$351.48	\$357.66	\$463.01	\$475.65	\$1.84	\$0.00			
TOTAL		1,873,065	\$142,107.70	\$148,950.34	\$337,864.21	\$311,685.42	\$247,366.35	\$105,000.00	\$229,145.87	\$233,175.66	\$301,863.24	\$310,102.32	\$1,201.95	\$11,500.00			

SUMMARY OF ORCOM INSTALLATION COSTS

PAGE 3

DESCRIPTION	TASK NUMBER	INVOICE DATED		COST TO	
		May-98	Jun-98	Jan-99	Feb-99
SOFTWARE COST		\$0.00	\$0.00	\$0.00	\$0.00
ACCOUNT MANAGEMENT	1.1	\$14,812.50	\$10,937.50	\$8,875.00	\$1,931,650.00
PROJECT MANAGEMENT	1.2	\$37,250.00	\$44,187.50	\$18,687.50	\$244,500.00
TRAINING ASSISTANCE		\$1,000.00	\$0.00	\$0.00	\$826,908.75
TESTING ASSISTANCE		\$23,343.75	\$27,937.50	\$6,250.00	\$27,937.50
PROCESS ANALYSIS		\$17,062.50	\$29,656.25	\$3,166.25	\$342,437.50
TECHNICAL SERVICES		\$300.00	\$2,500.00	\$0.00	\$275,312.50
PRE-INSTALLATION PLANNING	2.1/2.3	\$0.00	\$0.00	\$0.00	\$41,081.25
SYSTEM STUDIES	2.4/2.5/3.1	\$0.00	\$0.00	\$0.00	\$48,687.50
SET UP CONTROL FILE	4.2	\$6,875.00	\$5,750.00	\$0.00	\$150,000.00
CONVERSION SERVICES	5.1	\$84,466.75	\$106,562.50	\$16,500.00	\$107,468.75
CORPORATE MODIFICATIONS	6.1	\$39,283.75	\$36,562.50	\$13,375.00	\$69,843.75
CONTRACTUAL TRAINING	4.1/8.1/8.3	\$6,035.00	\$24,347.50	\$0.00	\$28,716.75
GO LIVE SUPPORT	9.1	\$0.00	\$0.00	\$0.00	\$0.00
FOLLOW UP SUPPORT	9.2	\$0.00	\$0.00	\$0.00	\$132,475.00
HELP DESK TRAINING		\$0.00	\$0.00	\$0.00	\$0.00
SYSTEM ADMINISTRATOR		\$0.00	\$0.00	\$0.00	\$119,913.75
CSR FUNCTIONS TRAINING		\$0.00	\$0.00	\$0.00	\$2,000.00
MIRROR POND INSTALL TRAINING		\$0.00	\$0.00	\$0.00	\$9,500.00
TRAVEL/MISC. EXPENSES		\$50,173.15	\$61,018.70	\$38,545.82	\$7,000.00
TOTAL INVOICE		\$282,604.41	\$357,959.95	\$173,517.07	\$9,500.00

SUMMARY OF ORCOM INSTALLATION COSTS BY COMPANY

PAGE 3

COMPANY	INVOICE DATED	COST TO	
		May-98	Jun-98
PENNSYLVANIA-AMERICAN		\$80,027.35	\$101,366.40
NEW JERSEY-AMERICAN		\$50,243.15	\$63,640.32
INDIANA-AMERICAN		\$24,520.70	\$31,059.07
ILLINOIS-AMERICAN		\$21,792.83	\$27,603.81
WEST VIRGINIA-AMERICAN		\$19,758.39	\$25,026.50
CALIFORNIA-AMERICAN		\$15,378.70	\$19,479.38
MISSOURI-AMERICAN		\$13,404.76	\$16,979.10
KENTUCKY-AMERICAN		\$12,851.79	\$16,278.68
TENNESSEE-AMERICAN		\$10,216.71	\$12,940.96
IOWA-AMERICAN		\$8,200.68	\$10,387.36
VIRGINIA-AMERICAN		\$6,934.51	\$8,783.57
OHIO-AMERICAN		\$6,086.32	\$7,666.41
CONNECTICUT-AMERICAN		\$3,954.97	\$5,009.55
MASSACHUSETTS-AMERICAN		\$2,502.77	\$3,170.12
NEW MEXICO-AMERICAN		\$2,076.35	\$2,632.53
NEW YORK-AMERICAN		\$1,728.31	\$2,189.16
HAWAII-AMERICAN		\$0.00	\$0.00
HAMPTON		\$1,161.76	\$1,471.54
MARYLAND-AMERICAN		\$681.97	\$863.81
PARADISE VALLEY		\$684.92	\$842.22
SALISBURY		\$433.47	\$549.06
TOTAL CHARGES		\$282,604.41	\$357,959.95

NUMBER OF CUSTOMERS

COMPANY	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	530,411	530,411	530,411	530,411	530,411
NEW JERSEY-AMERICAN	333,005	333,005	333,005	333,005	333,005
INDIANA-AMERICAN	162,520	162,520	162,520	162,520	162,520
ILLINOIS-AMERICAN	144,440	144,440	144,440	144,440	144,440
WEST VIRGINIA-AMERICAN	130,958	130,958	130,958	130,958	130,958
CALIFORNIA-AMERICAN	101,928	101,928	101,928	101,928	101,928

COMPANY	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	\$79,618.76	\$103,848.84	\$78,898.38	\$69,634.14	\$69,634.14
NEW JERSEY-AMERICAN	\$49,986.61	\$63,315.37	\$49,534.33	\$43,716.02	\$43,716.02
INDIANA-AMERICAN	\$24,395.50	\$30,900.48	\$24,174.77	\$21,336.17	\$21,336.17
ILLINOIS-AMERICAN	\$21,681.55	\$27,462.87	\$21,485.38	\$18,962.57	\$18,962.57
WEST VIRGINIA-AMERICAN	\$19,657.50	\$24,899.11	\$19,479.64	\$17,192.34	\$17,192.34
CALIFORNIA-AMERICAN	\$15,300.17	\$19,379.92	\$15,161.74	\$13,381.45	\$13,381.45

COMPANY	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	\$19,618.76	\$103,848.84	\$78,898.38	\$69,634.14	\$69,634.14
NEW JERSEY-AMERICAN	\$49,986.61	\$63,315.37	\$49,534.33	\$43,716.02	\$43,716.02
INDIANA-AMERICAN	\$24,395.50	\$30,900.48	\$24,174.77	\$21,336.17	\$21,336.17
ILLINOIS-AMERICAN	\$21,681.55	\$27,462.87	\$21,485.38	\$18,962.57	\$18,962.57
WEST VIRGINIA-AMERICAN	\$19,657.50	\$24,899.11	\$19,479.64	\$17,192.34	\$17,192.34
CALIFORNIA-AMERICAN	\$15,300.17	\$19,379.92	\$15,161.74	\$13,381.45	\$13,381.45

COMPANY	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	\$19,618.76	\$103,848.84	\$78,898.38	\$69,634.14	\$69,634.14
NEW JERSEY-AMERICAN	\$49,986.61	\$63,315.37	\$49,534.33	\$43,716.02	\$43,716.02
INDIANA-AMERICAN	\$24,395.50	\$30,900.48	\$24,174.77	\$21,336.17	\$21,336.17
ILLINOIS-AMERICAN	\$21,681.55	\$27,462.87	\$21,485.38	\$18,962.57	\$18,962.57
WEST VIRGINIA-AMERICAN	\$19,657.50	\$24,899.11	\$19,479.64	\$17,192.34	\$17,192.34
CALIFORNIA-AMERICAN	\$15,300.17	\$19,379.92	\$15,161.74	\$13,381.45	\$13,381.45

COMPANY	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
PENNSYLVANIA-AMERICAN	\$19,618.76	\$103,848.84	\$78,898.38	\$69,634.14	\$69,634.14
NEW JERSEY-AMERICAN	\$49,986.61	\$63,315.37	\$49,534.33	\$43,716.02	\$43,716.02
INDIANA-AMERICAN	\$24,395.50	\$30,900.48	\$24,174.77	\$21,336.17	\$21,336.17
ILLINOIS-AMERICAN	\$21,681.55	\$27,462.87	\$21,485.38	\$18,962.57	\$18,962.57
WEST VIRGINIA-AMERICAN	\$19,657.50	\$24,899.11	\$19,479.64	\$17,192.34	\$17,192.34
CALIFORNIA-AMERICAN	\$15,300.17	\$19,379.92	\$15,161.74	\$13,381.45	\$13,381.45

SUMMARY OF ORCOM INSTALLATION COSTS

DESCRIPTION	TASK NUMBER	INVOICE DATED	Jun-98	Jul-98	Aug-98	9/28/1998	Nov-98	10/31/1998	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	COST TO DATE
MISSOURI-AMERICAN	88,845	\$13,336.32	\$16,892.40	\$13,215.65	\$11,663.87	\$11,984.80	\$14,233.14	\$18,071.62	\$18,071.62	\$14,233.14	\$9,460.68	\$8,189.40	\$8,208.74	
KENTUCKY-AMERICAN	85,180	\$12,795.17	\$16,195.56	\$12,670.48	\$11,182.72	\$11,490.40	\$13,646.00	\$17,326.14	\$17,326.14	\$13,646.00	\$9,070.41	\$7,850.62	\$7,870.11	
TENNESSEE-AMERICAN	67,715	\$10,164.54	\$12,874.88	\$10,072.57	\$8,989.85	\$9,134.45	\$8,948.08	\$13,773.65	\$13,773.65	\$8,948.08	\$7,210.65	\$6,240.95	\$6,256.45	\$64,909.94
IOWA-AMERICAN	54,351	\$8,158.80	\$10,334.32	\$8,084.98	\$7,135.64	\$7,331.98	\$8,707.46	\$11,055.74	\$11,055.74	\$8,707.46	\$5,787.79	\$5,009.45	\$5,021.89	
VIRGINIA-AMERICAN	45,965	\$8,899.10	\$9,738.72	\$6,836.68	\$6,033.91	\$6,199.94	\$7,363.04	\$9,348.75	\$9,348.75	\$7,363.04	\$4,894.17	\$4,238.00	\$4,246.52	
OHIO-AMERICAN	54,351	\$6,937.33	\$7,647.16	\$5,220.22	\$5,280.22	\$5,425.50	\$6,443.32	\$8,181.00	\$8,181.00	\$6,443.32	\$4,282.84	\$3,705.88	\$3,716.08	
CONNECTICUT-AMERICAN	26,213	\$9,934.77	\$4,983.97	\$3,899.17	\$3,441.33	\$3,536.02	\$4,199.37	\$5,311.89	\$5,311.89	\$4,199.37	\$2,791.30	\$2,415.92	\$2,421.92	
MASSACHUSETTS-AMERICAN	16,588	\$2,489.99	\$3,153.93	\$2,487.46	\$2,177.73	\$2,237.65	\$2,657.43	\$3,374.10	\$3,374.10	\$2,657.43	\$1,766.38	\$1,528.83	\$1,532.63	
NEW MEXICO-AMERICAN	13,775	\$2,067.73	\$2,619.09	\$2,049.02	\$1,808.43	\$1,858.19	\$2,208.78	\$2,801.92	\$2,801.92	\$2,208.78	\$1,466.83	\$1,259.57	\$1,272.73	
NEW YORK-AMERICAN	11,455	\$1,719.48	\$2,177.98	\$1,703.93	\$1,503.85	\$1,545.23	\$1,835.11	\$2,330.02	\$2,330.02	\$1,835.11	\$1,219.79	\$1,055.75	\$1,058.37	
HAWAII-AMERICAN	9,613	\$1,500.00	\$0.00	\$0.00	\$1,262.03	\$1,295.75	\$1,540.02	\$1,955.34	\$1,955.34	\$1,540.02	\$888.18	\$703.67	\$711.43	
HAMPTON	7,700	\$1,155.83	\$1,464.03	\$1,145.37	\$1,010.88	\$1,038.70	\$1,233.56	\$1,566.23	\$1,566.23	\$1,233.56	\$819.94	\$416.59	\$417.62	
MARYLAND-AMERICAN	4,520	\$676.49	\$659.40	\$672.35	\$593.40	\$609.73	\$724.11	\$919.40	\$919.40	\$724.11	\$481.31	\$416.59	\$417.62	
PARADISE VALLEY	4,407	\$661.52	\$637.92	\$665.54	\$578.57	\$594.48	\$706.01	\$896.41	\$896.41	\$706.01	\$469.28	\$408.17	\$407.18	
SALISBURY	2,873	\$431.26	\$546.25	\$427.36	\$377.18	\$387.55	\$460.26	\$594.39	\$594.39	\$460.26	\$305.93	\$264.79	\$265.45	
TOTAL	1,882,678	\$281,161.42	\$356,132.20	\$278,617.51	\$247,164.31	\$253,964.91	\$301,608.71	\$382,948.34	\$382,948.34	\$301,608.71	\$200,477.37	\$173,517.07	\$173,947.96	

PAGE 4
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PAGE 4
COST TO

PAGE 4
COST TO

PAGE 4
COST TO

COMPANY	NUMBER OF CUSTOMERS	MAY-99		JUN-99		JUL-99		AUG-99		SEP-99		OCT-99		NOV-99	
		INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE	INVOICE
530,411 PENNSYLVANIA-AMERICA	530,411	\$42,555.82	\$84,519.65	\$43,974.77	\$53,296.94	\$40,615.71	\$51,551.39	\$12,189.33	\$21,120.35	\$14,054.84	\$11,178.89				
333,005 NEW JERSEY-AMERICAN	333,005	\$26,717.58	\$53,063.51	\$27,608.43	\$33,461.12	\$25,499.53	\$32,365.22	\$7,652.76	\$13,259.87	\$8,830.25	\$7,018.38				
162,520 INDIANA-AMERICAN	224,320	\$13,038.27	\$25,897.15	\$13,474.04	\$16,330.39	\$15,795.55	\$12,444.81	\$8,932.16	\$5,948.27	\$4,727.75					
144,440 ILLINOIS-AMERICAN	204,440	\$11,588.68	\$23,016.15	\$11,975.08	\$14,513.67	\$11,060.35	\$14,038.33	\$3,374.95	\$5,421.11	\$4,308.76					
130,956 WEST VIRGINIA-AMERICAN	130,956	\$10,905.83	\$20,867.51	\$13,158.76	\$10,027.83	\$12,727.80	\$5,217.52	\$3,009.49	\$5,214.52	\$2,146.23					
101,928 CALIFORNIA-AMERICAN	101,928	\$8,177.87	\$16,241.97	\$8,450.54	\$10,241.96	\$9,906.53	\$2,340.40	\$4,059.65	\$2,702.81	\$2,146.23					

SUMMARY OF ORCOM INSTALLATION COSTS

DESCRIPTION	TASK NUMBER	INVOICE DATED											
		Mar-99	Apr-99	May-99	Jun-99	Jul-99	8/24/1999	Aug-99	Sep-99	Oct-99	Nov-99		
88,845 MISSOURI-AMERICAN	392,045	\$7,128.19	\$14,157.23	\$8,927.35	\$6,803.22	\$8,634.97		(\$2,041.74)	\$15,610.77	\$10,395.81	\$8,262.71		
LONG ISLAND	74,100	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$2,950.58	\$1,964.90	\$1,561.72		
85,180 KENTUCKY-AMERICAN	65,180	\$6,834.14	\$13,573.22	\$8,559.09	\$6,522.58	\$8,278.76		(\$1,957.51)	\$3,391.77	\$2,258.71	\$1,795.25		
67,715 TENNESSEE-AMERICAN	67,715	\$5,432.90	\$10,750.21	\$6,804.16	\$5,185.21	\$5,581.32		(\$1,556.15)	\$2,696.33	\$1,795.59	\$1,427.16		
54,353 IOWA-AMERICAN	54,353	\$4,363.84	\$8,661.01	\$5,461.52	\$4,162.03	\$5,282.64		(\$1,249.08)	\$2,164.27	\$1,441.27	\$1,145.54		
45,961 VIRGINIA-AMERICAN	45,961	\$3,687.53	\$7,323.77	\$4,618.27	\$3,519.42	\$4,467.01		(\$1,056.23)	\$1,830.11	\$1,218.74	\$968.67		
40,220 OHIO-AMERICAN	40,220	\$3,226.92	\$6,408.96	\$4,041.40	\$3,079.81	\$3,909.04		(\$924.29)	\$1,601.51	\$1,066.51	\$847.67		
26,213 CONNECTICUT-AMERICAN	26,213	\$2,103.12	\$4,176.98	\$2,633.94	\$2,007.24	\$2,547.68		(\$502.40)	\$1,043.77	\$695.09	\$552.46		
16,588 MASSACHUSETTS-AMERICAN	16,588	\$1,330.88	\$2,643.26	\$1,375.26	\$1,054.81	\$1,612.21		(\$381.21)	\$660.51	\$439.86	\$349.61		
13,775 NEW MEXICO-AMERICAN	13,775	\$1,105.19	\$2,195.01	\$1,384.14	\$1,070.21	\$1,338.81		(\$316.56)	\$548.50	\$365.27	\$290.32		
11,455 NEW YORK-AMERICAN	11,455	\$919.06	\$1,825.33	\$1,151.03	\$877.16	\$1,113.33		(\$263.25)	\$456.12	\$303.75	\$241.42		
9,613 HAWAII-AMERICAN	9,613	\$771.27	\$1,531.81	\$965.94	\$736.11	\$934.30		(\$220.92)	\$382.78	\$254.91	\$202.60		
7,700 HAMPTON	7,700	\$617.78	\$1,226.98	\$773.71	\$589.62	\$748.37		(\$176.95)	\$306.61	\$204.18	\$162.28		
4,520 MARYLAND-AMERICAN	4,520	\$362.65	\$720.25	\$454.18	\$346.11	\$439.31		(\$103.87)	\$179.98	\$119.86	\$95.26		
4,407 PARADISE VALLEY	4,407	\$353.58	\$702.24	\$442.83	\$337.46	\$428.32		(\$101.28)	\$175.48	\$116.86	\$92.88		
2,873 SALISBURY	2,873	\$230.51	\$457.81	\$288.69	\$220.00	\$279.23		(\$66.02)	\$114.40	\$76.18	\$60.55		
1,882,678 TOTAL	2,381,778	\$151,050.61	\$300,000.00	\$189,175.88	\$144,164.24	\$182,980.12	\$0.00	(\$43,265.65)	\$94,839.62	\$63,157.31	\$50,198.14		
							\$0.00				\$0.00		

PAGE 1

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Account Management Split Calculation
Actual Labor Charge
LONG ISLAND

CITIZENS WEST	0	0	0	0	0	34,987.50	0	38,345.00	0	16,050.00	14,625.00	5,737.50	0
CITIZENS EAST	0	0	0	0	0	26,887.50	0	16,275.00	0	4,425.00	3,975.00	4,987.50	0
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$87,825.00	\$0.00	\$86,437.50	\$0.00	\$34,425.00	\$44,850.00	\$55,425.00	\$0.00
Spread of Actual Account Management Costs													
LONG ISLAND	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,931.28	\$0.00	\$5,671.54	\$0.00	\$6,128.31	\$6,787.19	\$5,443.84	\$0.00
CITIZENS WEST	0	0	0	0	0	\$5,300.40	0	\$6,827.23	0	\$7,050.85	\$3,781.43	\$698.75	0
CITIZENS EAST	0	0	0	0	0	\$4,073.30	0	\$2,699.23	0	\$1,943.83	\$1,027.77	\$607.41	0
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,304.98	\$0.00	\$15,398.09	\$0.00	\$15,123.09	\$11,596.40	\$6,750.00	\$0.00
Actual Management Costs	N/A	N/A	N/A	N/A	N/A	\$13,304.98	N/A	\$15,398.09	N/A	\$15,123.09	\$11,596.40	\$6,750.00	N/A
INTEGRATION CHARGE SPREAD													
CITIZENS - WEST	Oct-99	Nov-99	Dec-99	Dec-99	Jan-00	Feb-00	12/20/1999	Feb-00	3/21/2000	Mar-00	Apr-00	May-00	TOTAL
	\$0.00	\$0.00	\$0.00	\$0.00	\$15,124.30	\$51,942.39	\$0.00	\$57,044.93	\$0.00	\$41,427.52	\$37,828.59	\$11,829.35	\$215,197.07
CITIZENS - EAST	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$42,526.05	\$0.00	\$21,379.74	\$0.00	\$10,200.00	\$7,372.77	\$13,036.19	\$94,514.75
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$15,124.30	\$94,468.44	\$0.00	\$78,424.67	\$0.00	\$51,627.52	\$45,201.35	\$24,865.54	\$309,711.82
SPLIT BETWEEN CITIZENS - EAST													
PAWC	38000					\$30,490.38		\$15,328.87		\$7,313.20	\$5,286.14	\$6,012.74	\$64,431.32
OHIO	15000					\$12,035.67		\$6,050.87		\$2,886.80	\$2,086.63	\$7,023.45	\$30,083.43
	53000					\$42,526.05		\$21,379.74		\$10,200.00	\$7,372.77	\$13,036.19	\$94,514.75

Summary of ORCOM Invoices
Period: 2000

Invoice No	Date	Operations	Capital	Total
535	6/6/2000	\$ 900.00	\$ 20,512.50	\$ 21,412.50
345-IN	7/31/2000	4,098.27	57,375.00	61,473.27
420-IN	9/1/2000		297,500.00	82,885.77
575	8/4/2000	1,275.00	56,653.77	57,928.77
494	5/3/2000		136,458.67	136,458.67
Sub-Total		\$ 6,273.27	\$ 568,499.94	\$ 574,773.21

Capital portion of this invoice for software
Capital portion of this invoice for software

Note - the summary shown here is based on original invoices, and do not reflect adjustments to payments that may have been made by AWWSC personnel approving the payments

Summary of ORCOM Invoices
Period: 2001

Invoice No	Date	Operations	Capital	Total	Percent to TN	Tennessee Portion	Amount in Previous Summary
905	6-Sep		\$ 396,520 64	\$ 396,520 64	2.44%	\$ 9,675 10	
801	13-Feb		291,470 69	291,470 69 x	2.44%	7,111 88	287,120 69
802	13-Feb		7,500 00	7,500 00	2.44%	183 00	
818	6-Mar		313,348 63	313,348 63 x	2.44%	7,645 71	307,348 63
819	6-Mar		3,150 00	3,150 00	2.44%	76 86	
842	6-Apr		351,066 87	351,066 87 x	2.44%	8,566 03	341,879 37
845	4-May		381,989 07	381,989 07 x	2.44%	9,320 53	380,189 07
846	5-May		2,380 00	2,380 00	2.44%	58 07	
870	6-Jun		266,806 75	266,806 75 x	2.44%	6,510 08	266,806 75
871	6-Jun		1,467 50	1,467 50	2.44%	35 81	
880	12-Jul		273,022 90	273,022 90 x	2.44%	6,661 76	273,022 90
881	12-Jul		750 00	750 00	2.44%	18 30	
882	12-Jul		450 00	450 00	2.44%	10 98	
887	7-Aug		6,900 00	6,900 00	2.44%	168 36	
888	7-Aug		294,700 29	294,700 29 x	2.44%	7,190 69	291,688 54
890	6-Sep		1,950 00	1,950 00	2.44%	47 58	
904	6-Sep		6,000 00	6,000 00	2.44%	146 40	
924	6-Sep		300 00	300 00	2.44%	7 32	
925	6-Sep		396,220 64	396,220 64	2.44%	9,667 78	
1196-IN	9/19/2001		2,025,000 00	2,025,000 00 Software C	2.44%	49,410 00	
914	4-Oct		475,851 37	475,851 37 x	2.44%	11,610 77	466,176 37
914-IN	9-Mar		4,669 00	4,669 00	2.44%	113 92	
915	4-Oct		225 00	225 00	2.44%	5 49	
930	14-Nov		431,710 84	431,710 84 x	2.44%	10,533 74	510,390 38
931	14-Nov		88,804 54	88,804 54 x	2.44%	2,166 83	
938	4-Oct		3,900 00	3,900 00	2.44%	95 16	
942	5-Dec		408,140 34	408,140 34 x	2.44%	9,958 62	441,021 90
943	5-Dec		300 00	300 00	2.44%	7 32	
944	5-Dec		41,208 28	41,208 28 x	2.44%	1,005 48	
955			253,874 03	253,874 03	2.44%	6,194 53	
Total			6,729,677 38	\$ 6,729,677 38		\$ 164,204 13	\$ 3,565,644 60

SUMMARY OF ORCOM CHARGES FOR THE YEAR 2001

For Tennessee Allocated Portion

Description	Invoice #801	Invoice #914-IN	Invoice #818	Invoice #842	Invoice #845	Invoice #870	Invoice #880	Invoice #888	Invoice #905
	1-Jan	3/9/2001	1-Feb	1-Mar	1-Apr	1-May	1-Jun	1-Jul	1-Aug
SOFTWARE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Implementation - Transition									
Modifications									
AWW Services - Corporate	\$37,031.00	\$0.00	\$31,705.00	\$59,962.50	\$38,248.00	\$12,862.50	\$34,350.00	\$44,175.00	\$30,637.50
Common Effort	\$3,900.00	\$0.00	\$18,150.00	\$10,950.00	\$13,050.00	\$11,025.00	\$150.00	\$24,450.00	\$29,850.00
Digital Dashboard	\$158,625.00	\$0.00	\$192,450.00	\$181,837.50	\$244,087.50	\$182,512.50	\$185,175.00	\$190,087.50	\$147,600.00
St Louis County	\$3,300.00	\$0.00	\$0.00	\$1,050.00	\$8,250.00	\$16,087.50	\$37.50	\$0.00	\$5,925.00
California	\$375.00	\$0.00	\$0.00	\$1,200.00	\$5,737.50	\$0.00	\$0.00	\$0.00	\$0.00
Indiana	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,900.00	\$0.00	\$0.00	\$0.00
Illinois	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Mexico	\$0.00	\$0.00	\$1,950.00	\$5,662.50	\$0.00	\$0.00	\$0.00	\$3,300.00	\$0.00
Travel	\$0.00	\$0.00	\$4,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Transition Cost	\$38,282.01	\$4,669.00	\$51,153.05	\$81,141.87	\$69,916.07	\$35,131.75	\$52,860.40	\$21,703.63	\$51,689.04
Total Transition Cost	\$241,513.01	\$4,669.00	\$299,608.05	\$341,804.37	\$379,289.07	\$264,519.25	\$272,572.90	\$283,716.13	\$265,701.54
Implementation - Integration									
Modifications									
Common Effort	\$3,412.00	\$0.00	\$225.00	\$75.00	\$900.00	\$2,287.50	\$450.00	\$0.00	\$825.00
Citizens - Arizona	\$6,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,325.00
Citizens - California	\$29,850.00	\$0.00	\$6,150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,675.00
Citizens - PA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,125.00
Citizens - Ohio	\$0.00	\$0.00	\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,750.00
Travel	\$5,595.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,325.00
Total Integration Cost	\$45,607.68	\$0.00	\$7,740.58	\$75.00	\$900.00	\$2,287.50	\$450.00	\$0.00	\$9,168.55
Upgrade to V5.1.8 Costs									
New Jersey	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Island	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
West Virginia	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PAWC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Implementations									
East Palo Alto	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,972.41	\$65,325.55
Long Island Meter Change Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
Support Charges									
West Virginia	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL MONTHLY EXPENSE	\$287,120.69	\$4,669.00	\$307,348.63	\$341,879.37	\$380,189.07	\$266,806.75	\$273,022.90	\$291,688.54	\$390,520.64

SUMMARY OF ORCOM CHARGES FOR THE YEAR 2001

For Tennessee Allocated Portion

See Row 107

Description

	Invoice #801 1-Jan	Invoice #914-IN 3/9/2001	Invoice #818 1-Feb	Invoice #842 1-Mar	Invoice #845 1-Apr	Invoice #870 1-May	Invoice #880 1-Jun	Invoice #888 1-Jul	Invoice #905 1-Aug
SOFTWARE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MODIFICATIONS									
Design	Invoice #801	Invoice #914-IN	Invoice #818	Invoice #842	Invoice #845	Invoice #870	Invoice #880	Invoice #888	Invoice #905
Estimate	\$3,900.00	\$0.00	\$1,650.00	\$562.50	\$5,400.00	\$0.00	\$3,375.00	\$3,300.00	\$675.00
Construct	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Testing	\$13,068.00	\$0.00	\$13,330.00	\$25,875.00	\$23,700.00	\$6,712.50	\$13,725.00	\$29,962.50	\$8,325.00
Document	\$7,012.50	\$0.00	\$6,937.50	\$4,875.00	\$150.00	\$3,000.00	\$1,837.50	\$450.00	\$300.00
Specifications	\$0.00	\$0.00	\$4,125.00	\$2,100.00	\$600.00	\$4,162.50	\$2,700.00	\$3,375.00	\$0.00
Refine	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Analysis	\$6,300.00	\$0.00	\$4,987.50	\$15,150.00	\$9,298.00	\$262.50	\$12,787.50	\$6,712.50	\$22,462.50
Travel	\$10,162.50	\$0.00	\$900.00	\$11,475.00	\$0.00	\$1,012.50	\$375.00	\$375.00	\$0.00
	\$2,637.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$43,080.03	\$0.00	\$31,930.00	\$60,037.50	\$39,148.00	\$15,150.00	\$34,800.00	\$44,175.00	\$31,762.50
DISTRIBUTION									
Transition									
All	\$22,818.50	\$0.00	\$6,842.50	\$34,987.50	\$25,798.00	\$7,162.50	\$20,287.50	\$27,712.50	\$29,962.50
New Jersey	\$16,399.53	\$0.00	\$7,087.50	\$3,225.00	\$900.00	\$0.00	\$1,500.00	\$300.00	\$300.00
California	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,950.00	\$3,225.00	\$862.50	\$75.00
Indiana	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Island	\$0.00	\$0.00	\$0.00	\$0.00	\$5,550.00	\$262.50	\$900.00	\$0.00	\$0.00
Missouri	\$450.00	\$0.00	\$17,775.00	\$21,750.00	\$6,000.00	\$3,487.50	\$8,437.50	\$15,300.00	\$300.00
Total Transition	\$39,668.03	\$0.00	\$31,705.00	\$59,962.50	\$38,248.00	\$12,862.50	\$34,350.00	\$44,175.00	\$30,637.50
Integration									
Citizens - Arizona	\$3,150.00	\$0.00	\$225.00	\$75.00	\$900.00	\$2,287.50	\$450.00	\$0.00	\$825.00
Citizens - California	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Citizens - Ohio	\$262.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$3,412.00	\$0.00	\$225.00	\$75.00	\$900.00	\$2,287.50	\$450.00	\$0.00	\$825.00
Read One Link	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
East Palo Alto - Bill Print	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grand Total	\$43,080.03	\$0.00	\$31,930.00	\$60,037.50	\$39,148.00	\$15,150.00	\$34,800.00	\$44,175.00	\$31,762.50

DISTRIBUTION OF CHARGES

	Invoice #801	Invoice #914-IN	Invoice #818	Invoice #842	Invoice #845	Invoice #870	Invoice #880	Invoice #888	Invoice #905
TRANSITION									
PENNSYLVANIA-AMERICAN	548,110	\$52,875.32	\$60,151.02	\$68,189.83	\$78,953.21	\$55,704.56	\$55,638.09	\$57,519.86	\$57,108.57
NEW JERSEY-AMERICAN	345,981	\$33,101.91	\$44,744.28	\$46,268.16	\$50,737.28	\$35,162.14	\$36,620.18	\$36,608.00	\$36,348.38
INDIANA-AMERICAN	259,244	\$23,228.19	\$26,424.42	\$32,252.29	\$37,343.13	\$26,347.04	\$26,315.60	\$27,205.63	\$27,011.10
ILLINOIS-AMERICAN	218,937	\$20,550.99	\$23,378.84	\$27,237.74	\$31,537.06	\$22,250.62	\$22,224.07	\$22,975.73	\$22,811.44
WEST VIRGINIA-AMERICAN	158,277	\$15,015.79	\$17,081.99	\$19,691.09	\$22,799.21	\$16,085.73	\$16,066.54	\$16,609.93	\$16,491.17

SUMMARY OF ORCOM CHARGES
For Tennessee Allocated Portion

[illegible]

SUMMARY OF ORCOM CHARGES FOR TH

For Tennessee Allocated Portion

See Row 107

Description

Invoice #1196-IN Invoice #914 Inv #930 & #931 Inv #942 & #944 Inv#955 & #957
9/19/2001 1-Sep 1-Oct 1-Nov 1-Dec

\$2,025,000.00 \$0.00 \$0.00 \$0.00 \$0.00

SOFTWARE

Implementation - Transition

Modifications

AWW Services - Corporate

Common Effort

Digital Dashboard

St Louis County

California

Indiana

Illinois

New Mexico

Travel

\$0.00 \$43,912.50 \$48,825.00 \$39,262.50 \$43,275.00
\$0.00 \$0.00 \$27,900.00 \$0.00 \$0.00
\$0.00 \$163,012.50 \$176,662.50 \$236,212.50 \$137,062.50
\$0.00 \$3,150.00 \$975.00 \$10,200.00 \$2,550.00
\$0.00 \$0.00 \$1,650.00 \$1,087.50 \$52,125.00
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00
\$0.00 \$0.00 \$5,250.00 \$1,275.00 \$0.00
\$0.00 \$0.00 \$1,725.00 \$675.00 \$0.00
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00
\$0.00 \$32,943.75 \$57,256.31 \$35,899.49 \$43,553.67

Total Transition Cost

\$0.00 \$243,018.75 \$320,243.81 \$324,611.99 \$278,566.17

Implementation - Integration

Modifications

Common Effort

Citizens - Arizona

Citizens - California

Citizens - PA

Citizens - Ohio

Travel

\$0.00 \$1,200.00 \$13,425.00 \$3,900.00 \$4,650.00
\$0.00 \$121,537.50 \$43,875.00 \$39,600.00 \$4,950.00
\$0.00 \$12,112.50 \$18,487.50 \$17,925.00 \$6,825.00
\$0.00 \$18,600.00 \$22,612.50 \$10,912.50 \$3,300.00
\$0.00 \$525.00 \$3,675.00 \$9,787.50 \$2,850.00
\$0.00 \$8,775.00 \$19,875.00 \$10,537.50 \$3,525.00
\$0.00 \$38,960.52 \$59,867.74 \$17,492.79 \$8,513.92

Total Integration Cost

\$0.00 \$201,710.52 \$181,817.74 \$110,155.29 \$34,613.92

Upgrade to V5.1.8 Costs

New Jersey

Long Island

West Virginia

PAWC

\$0.00 \$0.00 \$0.00 \$0.00 \$0.00
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00

Other Implementations

East Palo Alto

Long Island Meter Change Out

\$0.00 \$19,596.69 \$8,328.83 \$6,254.62 \$3,122.87
\$0.00 \$0.00 \$0.00 \$0.00 \$0.00

Support Charges

West Virginia

\$0.00 \$1,850.41 \$0.00 \$0.00 \$0.00

TOTAL MONTHLY EXPENSE

\$2,025,000.00 \$466,176.37 \$510,390.38 \$441,021.90 \$316,302.96 \$6,302,137.20

SUMMARY OF ORCOM CHARGES FOR TH

For Tennessee Allocated Portion

See Row 107

Description

Invoice #1196-IN Invoice #914 Invoice #930 & #931 Invoice #942 & #944 Invoice #955 & #957
9/19/2001 1-Sep 1-Oct 1-Nov 1-Dec

SOFTWARE

\$2,025,000.00 \$0.00 \$0.00 \$0.00 \$0.00

MODIFICATIONS

Design	\$0.00	\$450.00	\$3,600.00	\$1,200.00	\$1,950.00
Estimate	\$0.00	\$0.00	\$75.00	\$0.00	\$0.00
Construct	\$0.00	\$13,950.00	\$35,925.00	\$27,712.50	\$14,400.00
Testing	\$0.00	\$150.00	\$8,775.00	\$2,625.00	\$9,750.00
Document	\$0.00	\$937.50	\$0.00	\$7,275.00	\$6,825.00
Specifications	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Refine	\$0.00	\$29,625.00	\$12,150.00	\$1,125.00	\$0.00
Analysis	\$0.00	\$0.00	\$2,025.00	\$3,225.00	\$15,000.00
Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$45,112.50	\$62,550.00	\$43,162.50	\$47,925.00

DISTRIBUTION

Transition

All	\$0.00	\$36,150.00	\$15,750.00	\$12,975.00	\$23,700.00
New Jersey	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
California	\$0.00	\$562.50	\$5,550.00	\$9,562.50	\$7,425.00
Indiana	\$0.00	\$0.00	\$0.00	\$0.00	\$2,850.00
Long Island	\$0.00	\$0.00	\$0.00	\$8,625.00	\$5,400.00
Missouri	\$0.00	\$7,200.00	\$27,525.00	\$8,100.00	\$3,900.00
Total Transition	\$0.00	\$43,912.50	\$48,825.00	\$39,262.50	\$43,275.00

Integration

Citizens - Arizona	\$0.00	\$1,200.00	\$6,550.00	\$1,500.00	\$2,025.00
Citizens - California	\$0.00	\$0.00	\$4,075.00	\$1,500.00	\$2,475.00
Citizens - Ohio	\$0.00	\$0.00	\$2,800.00	\$900.00	\$150.00
	\$0.00	\$1,200.00	\$13,425.00	\$3,900.00	\$4,650.00

Read One Link

\$0.00 \$0.00 \$0.00 \$0.00 \$0.00

East Palo Alto - Bill Print

\$0.00 \$0.00 \$300.00 \$0.00 \$0.00

Grand Total

\$0.00 \$45,112.50 \$62,550.00 \$43,162.50 \$47,925.00 \$498,833.03

DISTRIBUTION OF CHARGES

TRANSITION

PENNSYLVANIA-AMERICAN	Invoice #1196-IN	Invoice #914	Invoice #930 & #931	Invoice #942 & #944	Invoice #955 & #957
	\$288,472.43	\$50,693.59	\$61,879.84	\$64,283.69	\$55,808.05
NEW JERSEY-AMERICAN	\$182,091.15	\$31,999.09	\$39,060.13	\$40,577.50	\$35,227.46
INDIANA-AMERICAN	\$136,441.13	\$23,976.96	\$29,267.81	\$30,404.78	\$29,245.98
ILLINOIS-AMERICAN	\$115,227.40	\$20,249.04	\$24,717.28	\$25,677.47	\$22,291.96
WEST VIRGINIA-AMERICAN	\$83,301.80	\$14,638.72	\$17,868.96	\$18,563.12	\$16,115.62

SUMMARY OF ORCOM CHARGES FOR TH

For Tennessee Allocated Portion

See Row 107

Description

Invoice #1196-IN Invoice #914 Invoice #930 & #931 Inv #942 & #944 Inv#955 & #957
9/19/2001 1-Sep 1-Oct 1-Nov 1-Dec

SOFTWARE	\$2,025,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$205,792.61
CALIFORNIA-AMERICAN	\$55,717.16	\$10,353.74	\$17,501.81	\$21,978.61	\$18,204.08	
MISSOURI-AMERICAN	\$218,604.54	\$45,615.63	\$74,417.57	\$56,814.21	\$46,191.37	
LONG ISLAND	\$38,740.70	\$6,807.95	\$8,310.22	\$17,258.05	\$12,894.80	
KENTUCKY-AMERICAN	\$52,208.29	\$9,174.62	\$11,199.13	\$11,634.19	\$10,100.25	
TENNESSEE-AMERICAN	\$36,781.27	\$6,463.62	\$7,889.90	\$8,196.40	\$7,115.73	\$128,600.97
IOWA-AMERICAN	\$29,784.59	\$5,234.08	\$6,389.05	\$6,637.25	\$5,762.15	
VIRGINIA-AMERICAN	\$27,879.37	\$4,899.27	\$5,980.37	\$6,212.69	\$5,393.56	
OHIO-AMERICAN	\$22,305.81	\$3,919.83	\$4,784.79	\$4,970.67	\$4,315.30	
CONNECTICUT-AMERICAN	\$14,270.73	\$2,507.81	\$3,061.20	\$3,180.11	\$2,760.82	
MASSACHUSETTS-AMERICAN	\$8,904.01	\$1,564.71	\$1,909.99	\$1,984.18	\$1,722.58	
NEW MEXICO-AMERICAN	\$7,126.68	\$1,252.38	\$1,528.73	\$1,588.12	\$1,378.73	\$23,551.93
NEW YORK-AMERICAN	\$6,304.07	\$1,107.82	\$1,352.28	\$1,404.81	\$1,219.59	
HAWAII-AMERICAN	\$5,200.41	\$913.87	\$1,115.53	\$1,158.87	\$1,006.07	\$17,132.57
HAMPTON	\$4,404.11	\$773.94	\$944.72	\$981.42	\$852.02	
MARYLAND-AMERICAN	\$2,497.31	\$438.86	\$535.70	\$556.51	\$483.13	
PARADISE VALLEY	\$2,465.21	\$433.21	\$528.81	\$549.35	\$476.92	\$8,144.85
SALISBURY	\$1,596.81	\$0.00	\$0.00	\$0.00	\$0.00	

TOTAL TRANSITION COST

\$1,340,325.00 \$243,018.75 \$320,243.81 \$324,611.99 \$278,566.17

INTEGRATION

CITIZENS - ARIZONA	\$265,500.00	\$103,625.29	\$92,568.80	\$55,777.59	\$17,331.24	\$601,206.95
CITIZENS - PA	\$85,500.00	\$32,984.41	\$27,700.97	\$17,479.23	\$4,929.13	
CITIZENS - OHIO	\$33,750.00	\$13,020.16	\$13,734.59	\$7,799.69	\$2,095.71	
CITIZENS - CALIFORNIA	\$135,000.00	\$52,080.65	\$47,813.37	\$29,098.78	\$10,257.84	\$279,153.47
CITIZENS - ILLINOIS	\$162,000.00	\$0.00	\$0.00	\$0.00	\$0.00	
CITIZENS - INDIANA	\$2,925.00	\$0.00	\$0.00	\$0.00	\$0.00	
SAN JOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

TOTAL INTEGRATION COST

\$684,675.00 \$201,710.52 \$181,817.74 \$110,155.29 \$34,613.92

Meter Change Out - Long Island

\$0.00 \$0.00 \$0.00 \$0.00 \$0.00

East Palo Alto

\$0.00 \$19,596.69 \$8,328.83 \$6,254.62 \$3,122.87

Support Charges
West Virginia

\$0.00 \$1,850.41 \$0.00 \$0.00 \$0.00

Note - the summary shown here is based on original invoices, and do not reflect adjustments to payments that may have been made by AWWSC personnel approving the payments

Summary of ORCOM Invoices
Period: 2002

Invoice No	Date	Operations	Capital	Total	Percent to TN	Tennessee Portion	
968	2/7/2002		\$ 369,653 53	\$ 369,653 53	2 63%	\$ 9,721 55	xx
969	2/7/2002	75 00		75 00	2 63%	0	xx
971	2/7/2002		69,321 18	69,321 18	2 63%	1,823 08	xx
988	3/6/2002		325,447 29	325,447 29	2 63%	8,558 97	xx
990	3/6/2002		26,118 32	26,118 32	2 63%	686 89	xx
1002			314,075 87	314,075 87	2 63%	8,259 91	x
1003				-			xx
1417-IN			169,126 30	169,126 30	2 63%	4,447 87	xx
1013	5/8/2002		27,493 67	27,493 67	2 63%	723 06	xx
1015			313,532 11	313,532 11	2 62%	8,215 98	x
1016			27,193 67	27,193 67	2 62%	712 47	xx
1047			340,725 78	340,725 78	1 74%	5,921 08	x
1048			252,462 02	252,462 02	2 62%	6,614 50	xx
CM			(3,856 00)	(3,856 00)	2 62%	(101 03)	xx
1491-IN			178,949 57	178,949 57	2 62%	4,688 48	xx
1091			208,897 57	208,897 57	2 62%	5,473 12	xx
956			1,500 00	1,500 00	2 62%	39 30	xx
1079	8/26/2002	32,811 32	206,894 57	239,705 89	2 73%	5,642 20	x
1088			231,651 97	231,651 97	2 72%	6,307 29	x
			28,579 41	28,579 41	2 73%	779 39	xx
1108			251,198 12	251,198 12	2 67%	6,711 38	x
1580-IN			204,054 16	204,054 16	2 73%	5,564 74	xx
1119			200,139 03	200,139 03	2 73%	5,470 53	x
1115			116,375 92	116,375 92	2 73%	3,173 68	xx
1132	11/8/2002		18,225 00	18,225 00	2 73%	497 01	xx
1137			163,915 78	163,915 78	2 12%	3,469 65	x
1139	10/7/2002		202,876 53	202,876 53	2 73%	5,532 62	xx
1151	12/9/2002		13,762 50	13,762 50	2 73%	375 32	xx
1152	12/9/2002		116,375 92	116,375 92	2 16%	2,515 00	x
1667-IN			204,054 16	204,054 16	2 73%	5,577 54	x
957			76,833 84	76,833 84	2 73%	2,095 33	xx
Total		\$ 32,886 32	\$ 4,655,577 79	\$ 4,688,464 11		\$ 119,496 91	\$ 58,090 56

Note - the summary shown here is based mostly on original invoices, and do not reflect adjustments to payments that may have been made by AWWSC personnel approving the payments

Summary of ORCOM Invoices
Period: 2003

Invoice No	Date	Operations	Capital	Total	Percent to TN	Tennessee Portion
1167	1/9/2003		\$ 3,000 00	\$ 3,000 00	2 87%	
1168			129,704 99	129,704 99	3 17%	4.105 57 x
1120			1,237 50	1,237 50		
1182		30,428 32	57,572 47	88,000 79	2 63%	1.514 21 x
1207		25,200 00	32,700 00	57,900 00	2 29%	748 19 x
1170				-		
1218		19,837 50	18,937 50	38,775 00	2 87%	542 66 x
1760-IN		218,701 87		218,701 87		
1206		5,325 00		5,325 00		
1268			3,795 00	3,795 00		
1270			1,125 00	1,125 00		
1271			11,000 00	11,000 00	1 33%	146 08 x
1244		25,991 51	25,641 51	51,633 02	2 12%	542 66 x
1857-IN		235,707 80		235,707 80		
1269			4,800 00	4,800 00		
1300	8/7/2003		6,112 50	6,112 50		-
1301	8/7/2003		4,612 50	4,612 50		-
1302	8/7/2003	15,350 00	15,350 00	30,700 00		134 57
1285	7/8/2003		337 50	337 50		-
1284	7/8/2003		3,287 84	3,287 84		-
1283	7/8/2003		9,412 50	9,412 50		-
1282	7/8/2003		10,687 50	10,687 50		-
1286	7/8/2003	7,987 50	7,987 50	15,975 00		146 08 x
1940-IN		242,209 46		242,209 46		
1348			1,050 00	1,050 00		
1345			900 00	900 00		
1314			150 00	150 00		
1332			3,750 00	3,750 00		
1334			1,312 50	1,312 50		
1313			375 00	375 00		
1315			17,287 50	17,287 50		297 11 x
1946-IN		1,200 00		1,200 00		
1346			900 00	900 00		
1371			675 00	675 00		
1373			9,712 50	9,712 50		
1349			1,200 00	1,200 00		
1342			450 00	450 00		
1333			450 00	450 00		
1347			1,350 00	1,350 00		
1372			375 00	375 00		
1374			1,500 00	1,500 00		
1394			2,367 50	2,367 50		
1192			60,862 50	60,862 50		
CM 0125			(60,862 50)	(60,862 50)		
1205			60,862 50	60,862 50		
1243			750 00	750 00		
1267			150 00	150 00		
1335			7,875 00	7,875 00		
1336			10,875 00	10,875 00		286 75 x
1348-IN			1,050 00	1,050 00		
1350			5,100 00	5,100 00		134 24 x
1375			7,106 25	7,106 25		187 05 x
Total		\$ 827,938 96	\$ 484,875 56	\$ 1,312,814 52		\$ 8,785 17

Note - the summary shown here is based mostly on original invoices, and do not reflect adjustments to payments that may have been made by AWWSC personnel approving the payments

Summary of ORCOM Invoices
Period: 2004

Invoice No	Date	Operations	Capital	Total	Percent to TN	Tennessee Portion
1397			\$ 1,162 50	\$ 1,162 50	2 63%	\$ 30 60 x
1412		9,487 50	0	9,487 50		-
1413	2/9/2004	3,190 00		3,190 00		-
1411		4,702 50	-	4,702 50		-
1410		4,725 00	-	4,725 00		-
1438	3/10/2004		24,832 50	24,832 50	2 44%	605 91
1437	3/10/2004		300 00	300 00		-
1439	3/10/2004	3,881 25	-	3,881 25		-
1436	3/10/2004	6,490 00	-	6,490 00		-
2090-IN		256,576 52	-	256,576 52		-
1396	1/8/2004	1,425 00	-	1,425 00		-
1395		825 00	-	825 00		-
1435			1,575 00	1,575 00	2 44%	38 43
1454		4,650 00	-	4,650 00		-
1455		3,520 00	-	3,520 00		-
1456			150 00	150 00	2 44%	3 66
1457			35,767 50	35,767 50	2 44%	872 73
1470			9,712 50	9,712 50	2 44%	236 99
1471			11,475 00	11,475 00	2 44%	279 99
1472			600 00	600 00	2 44%	14 64
1473			600 00	600 00	2 44%	14 64
1474			1,925 00	1,925 00	2 44%	46 97
1475			38,665 00	38,665 00	2 44%	943 43
1476			1,350 00	1,350 00	2 44%	32 94
1498			11,067 50	11,067 50	2 44%	270 05
1499			375 00	375 00	2 44%	9 15
1500			2,287 50	2,287 50	2 44%	55 82
1501			3,000 00	3,000 00	2 44%	73 20
1504			1,950 00	1,950 00	2 44%	47 58
1517			9,112 50	9,112 50	2 44%	222 35
1518			225 00	225 00	2 44%	5 49
1519			1,350 00	1,350 00	2 44%	32 94
1520			2,625 00	2,625 00	2 44%	64 05
1532			27,843 75	27,843 75	2 44%	679 39
1533			168 75	168 75	2 44%	4 12
1534			3,862 50	3,862 50	2 44%	94 25
1535	8/9/2004		300 00	300 00	2 44%	7 32
CM 0139			(300 00)	(300 00)	2 44%	(7 32)
1536			2,700 00	2,700 00	2 44%	65 88
1537			1,650 00	1,650 00	2 44%	40 26
1538			1,012 80	1,012 80	2 44%	24 71
1550			4,912 50	4,912 50	2 44%	119 87
1551			300 00	300 00	2 44%	7 32
1552			9,225 00	9,225 00	2 44%	225 09
1553			1,200 00	1,200 00	2 44%	29 28
1554			900 00	900 00	2 44%	21 96
1575			2,287 50	2,287 50	2 44%	55 82
1576			450 00	450 00	2 44%	10 98
1577			2,850 00	2,850 00	2 44%	69 54
1578	10/26/2004		843 75	843 75	2 44%	20 59
CM 0144			(843 75)	(843 75)	2 44%	(20 59)
1579			975 00	975 00	2 44%	23 79
1580			150 00	150 00	2 44%	3 66
1581			5,475 00	5,475 00	2 44%	133 59
1582			1,725 00	1,725 00	2 44%	42 09
1584			2,025 00	2,025 00	2 44%	49 41
1585			450 00	450 00	2 44%	10 98
1587			600 00	600 00	2 44%	14 64
1588			12,562 50	12,562 50	2 44%	306 53
1589			2,287 50	2,287 50	2 44%	55 82
1590			1,350 00	1,350 00	2 44%	32 94
1598			412 50	412 50	2 44%	10 07
1599			1,875 00	1,875 00	2 44%	45 75
Total		\$299,472 77	\$249,357 80	\$548,830 57		\$ 6,079 25

Note - these charges are from a payment summary, not from invoices
They are supported by the Contract of _____, 2000 between AWWSC & Accenture

Summary of Accenture Invoices
Period: 2000

Invoice No	Date	Operations	Capital	Total	Percent Allocated	Allocated to TN
	9/1/2001		280,000	280,000	3.40%	9,520
	10/1/2000		805,000	805,000	3.40%	27,370
	11/1/2000		448,000	448,000	3.40%	15,232
	12/1/2000		308,000	308,000	3.40%	10,472
			1,841,000	1,841,000		62,594

Note - these charges are from a payment summary, not from invoices
 They are supported by the Contract of _____, ___, 2000 between AWWSC & Accenture

Summary of Accenture Invoices

Period: 2001

Invoice No	Date	Operations	Capital	Total	Percent Allocated	Allocated to TN
	1/16/2001		\$ 730,709.00	\$ 730,709.00	2.73%	\$ 19,948.36
	1/31/2001	1,148,267.00		1,148,267.00	2.73%	-
	2/28/2001	306,000.00	842,667.00	1,148,667.00	2.73%	23,004.81
	3/30/2001	306,000.00	842,667.00	1,148,667.00	2.73%	23,004.81
	4/27/2001		842,667.00	842,667.00	2.70%	22,752.01
	4/30/2001	306,000.00		306,000.00	2.70%	-
	5/30/2001		842,667.00	842,667.00	2.70%	22,752.01
	6/29/2001	306,000.00		306,000.00	2.70%	-
	7/27/2001		842,667.00	842,667.00	2.70%	22,752.01
	7/31/2001	234,600.00		234,600.00	2.70%	-
	8/21/2001		582,750.00	582,750.00	2.70%	15,734.25
	8/23/2001		842,667.00	842,667.00	2.70%	22,752.01
	11/2/2001		842,667.00	842,667.00	2.70%	22,752.01
	11/2/2001		842,667.00	842,667.00	2.70%	22,752.01
	11/26/2001		842,667.00	842,667.00	2.70%	22,752.01
	12/14/2001		614,635.62	614,635.62	2.70%	16,595.16
	12/17/2001		576,111.00	576,111.00	2.70%	15,555.00
				-		
Total		\$ 2,606,867.00	\$ 10,088,208.62	\$ 12,695,075.62		\$ 273,106.45

Note - these charges are from a payment summary, not from invoices
They are supported by the Contract of _____, 2000 between AWWSC & Accenture

Summary of Accenture Invoices
Period: 2002

Invoice No	Date	Operations	Capital	Total	Percent Allocated	Allocated to TN	Data from Summary	Incentive Fees
032802	1/31/2002		814,578.00		2.39%	19,468.41 xx	1/1/2002 813,200.00	814,578.00
032802	2/28/2002		632,000.00		2.39%	15,104.80 xx	2/1/2002 820,800.00	1,131,250.00
49330321	3/31/2006		561,788.00		2.39%	13,426.73 x	3/1/2002 623,200.00	561,778.00
032802	3/28/2002		48,208.35		2.39%	1,152.18 xx	Citizens Integrati 4/1/2002 851,200.00	
032802	3/28/2002		76,118.44		2.39%	1,819.23 xx	Citizens Integrati 5/1/2002 539,600.00	
032802	3/28/2002		19,029.61		2.39%	454.81 xx	Citizens Integrati 6/1/2002 372,400.00	319,250.00
032802	3/28/2002		149,699.60		2.39%	3,577.82 xx	Citizens Integrati 7/1/2002 463,600.00	
49330750	4/29/2002		421,333.00		2.44%	10,280.53 x	8/1/2002 273,600.00	
49330837	5/31/2002		421,333.00		2.44%	10,280.53 x	9/1/2002 197,600.00	
49331552	6/30/2002		421,333.00		2.44%	10,280.53 x	10/1/2003	
49331552	8/31/2002		431,333.00		2.39%	10,308.86 x		
49331111	6/13/2002		169,750.00		2.39%	4,057.02 xx	Orcom Transition Project CA	
49331111	6/13/2002		109,250.00		2.44%	2,665.70 x	Orcom Transition Project AR	
49331111	6/13/2002		40,250.00		2.44%	982.10 x	Orcom Transition Project HA	
49331732	7/31/2002		43,600.00		2.44%	1,063.84 xx	Simmer Project Auth 253	
49332146	9/9/2002		179,245.00		2.44%	4,373.58 x	Simmer Project	
49332384	10/2/2002		177,850.00		2.44%	4,339.54 x	Simmer Project	
40386373	10/31/2002		225,825.00		2.44%	5,510.13 x	Simmer Project	
49331733	7/31/2002	119,493.00	0.00		2.44%	-	Application Maintenance Project July Only Certain States	
49332795	11/15/2002		285,750.00		2.44%	6,972.30 x	Individual Contingent Fees Illinois	
49332796	11/15/2002		200,000.00		2.44%	4,880.00 x	Milestone Illinois - not sure	
49332958	12/4/2002		29,550.00		2.44%	721.02 xx	Illinois Acquisition Testing	
49332666	10/31/2002		21,650.00		2.44%	528.26 xx	Illinois Acquisition Testing- Simmer	
49330119	2/28/2002		33,400.00		2.44%	814.96 xx	Training	
Sum			5,512,874.00			133,062.86		
Input total			\$ 5,632,367.00					

Note - these charges are from a payment summary, not from invoices
They are supported by the Contract of _____, 2000 between AWWSC & Accenture

Summary of Accenture Invoices
Period: 2003

Invoice No	Date	Operations Capital	Total	Percent Allocated	Allocated to Tennessee	Data from Incentive Fees Summary
49332957	1/20/2003	\$ 375,000.00	\$ 375,000.00	2.63%	\$ 9,870.61	Simmer Project
49333491	1/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 1
49334775	2/28/2003	278,000.00	278,000.00	2.12%	5,883.78 x	CIS Phase 2 Project Installment 2
49349216	3/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 3
49349488	4/30/2003	278,000.00	278,000.00	2.05%	5,697.68 x	CIS Phase 2 Project Installment 4
49349704	5/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 5
49350028	6/30/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 6
49350316	7/31/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 7
49350680	8/31/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 8
49350858	9/31/03	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 9
49351214	10/31/2003	122,000.00	122,000.00	2.63%	3,211.24 x	CIS Phase 2 Project Installment 10
49351683	12/16/2003	234,772.00	234,772.00	2.63%	6,179.58 x	CIS Phase 2 Project Expansion Install 1, 2
49349489	4/30/2003	65,000.00	65,000.00	2.63%	4,454.93 x	Individual Contingent Fees Iowa
49349489	4/30/2003	54,500.00	54,500.00	2.63%		Individual Contingent Fees Ohio
49349489	4/30/2003	49,750.00	49,750.00	2.63%		Individual Contingent Fees Maryland
49350109	7/7/2003	85,000.00	85,000.00	2.63%	5,540.70 x	Individual Contingent Fees Virginia
49350109	7/7/2003	125,500.00	125,500.00	2.63%		Individual Contingent Fees Missouri
49350824	9/22/2003	120,750.00	120,750.00	2.63%	3,178.33 x	Individual Contingent Fees TN
49351680	12/20/2003	70,500.00	70,500.00	2.63%	1,855.67 x	Individual Contingent Fees KY
		\$ 3,330,772.00	\$ 3,330,772.00	2.54%	\$ 84,617.95	
		\$ 3,330,772.00	\$ 3,330,772.00			

Note - these charges are from a payment summary, not from invoices
They are supported by the Contract of _____, 2000 between AWWSC & Accenture

Summary of Accenture Invoices
Period: 2003

Invoice No	Date	Operations Capital	Total	Percent Allocated	Allocated to Tennessee	Data from Incentive Fees Summary
49332957	1/20/2003	\$ 375,000.00	\$ 375,000.00	2.63%	\$ 9,870.61	Simmer Project
49333491	1/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 1
49334775	2/28/2003	278,000.00	278,000.00	2.12%	5,883.78 x	CIS Phase 2 Project Installment 2
49349216	3/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 3
49349488	4/30/2003	278,000.00	278,000.00	2.05%	5,697.68 x	CIS Phase 2 Project Installment 4
49349704	5/31/2003	278,000.00	278,000.00	2.63%	7,317.41 x	CIS Phase 2 Project Installment 5
49350028	6/30/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 6
49350316	7/31/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 7
49350680	8/31/2003	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 8
49350858	9/31/03	159,500.00	159,500.00	2.63%	4,198.30 x	CIS Phase 2 Project Installment 9
49351214	10/31/2003	122,000.00	122,000.00	2.63%	3,211.24 x	CIS Phase 2 Project Installment 10
49351683	12/16/2003	234,772.00	234,772.00	2.63%	6,179.58 x	CIS Phase 2 Project Expansion Install 1, 2
49349489	4/30/2003	65,000.00	65,000.00	2.63%	4,454.93 x	Individual Contingent Fees Iowa
49349489	4/30/2003	54,500.00	54,500.00	2.63%		Individual Contingent Fees Ohio
49349489	4/30/2003	49,750.00	49,750.00	2.63%		Individual Contingent Fees Maryland
49350109	7/7/2003	85,000.00	85,000.00	2.63%	5,540.70 x	Individual Contingent Fees Virginia
49350109	7/7/2003	125,500.00	125,500.00	2.63%		Individual Contingent Fees Missouri
49350824	9/22/2003	120,750.00	120,750.00	2.63%	3,178.33 x	Individual Contingent Fees TN
49351680	12/20/2003	70,500.00	70,500.00	2.63%	1,855.67 x	Individual Contingent Fees KY
		\$ 3,330,772.00	\$ 3,330,772.00	2.54%	\$ 84,617.95	
		\$ 3,330,772.00	\$ 3,330,772.00			

Note - these charges are from a payment summary, not from invoices
They are supported by the Contract of _____, 2000 between AWWSC & Accenture

Summary of Accenture Invoices
Period: 2004

Invoice No	Date	Operations	Capital	Total	Percent Allocated	Allocated to Tennessee	
49351805	1/5/2004 (3)		\$ 58,693.00	\$ 58,693.00	2.63%	\$ 1,544.89	CIS Phase 2 Project Expansion Install 3 x
49352113	2/2/2004 (3)		58,693.00	58,693.00	2.63%	1,544.89	CIS Phase 2 Project Expansion Install 4 x
49352408	1/1/2004		58,693.00	58,693.00	2.63%	1,544.89	CIS Phase 2 Project Expansion Install 5 x
49352673	4/1/2004		58,693.00	58,693.00	2.63%	1,544.89	CIS Phase 2 Project Expansion Install 6 x
49352674	4/1/2004		58,452.00	58,452.00	2.63%	1,538.55	CIS Phase 2 March 8 Expansion Install 1 x
49352949	5/1/2004		58,453.00	58,453.00	2.63%	1,538.58	CIS Phase 2 March 8 Expansion Install 2 x
49352904	4/30/2004	18,160.00	0.00	18,160.00	2.63%	-	CIS Application Support Project March Install Payment
49352905	4/30/2004	90,500.00	0.00	90,500.00	2.63%	-	CIS Application Support Project April Install Payment
49353235	5/31/2004	129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project May Install Payment
49353486	6/30/2004	116,850.00	0.00	116,850.00	2.63%	-	CIS Application Support Project June Install Payment
49353792	7/30/2004	129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project July Install Payment
49353119	8/31/2004	129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project August Install Payment
1000001685	9/30/2004	129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project September Install Payment
1000008432	11/23/2004	129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project November Install Payment
1000012018		129,390.00	0.00	129,390.00	2.63%	-	CIS Application Support Project December Install Payment
49354108	8/30/2004	96,500.00	0.00	96,500.00	2.63%	-	August Install for Second Call Center Build Project
1000001690	9/30/2004	96,500.00	0.00	96,500.00	2.63%	-	September Install for Second Call Center Build Project
1000005271	10/30/2004	73,450.00	0.00	73,450.00	2.63%	-	October Install for Second Call Center Build Project
49352022	5/15/2004		119,000.00	119,000.00	2.63%	3,304.39	Individual Contingent Fees Indiana x
49352022	5/15/2004		100,000.00	100,000.00	2.63%	2,632.16	Individual Contingent Indiana Milestone x
Sum		1,268,300.00	\$ 570,677.00	\$ 1,838,977.00		\$15,193.26	
Input Total			\$ 1,838,977.00	\$ 1,838,977.00			

Tennessee-American Water Company
Docket Number 06-00290

Filing in Response to Director's Questions at Hearing -- Exhibit No. 2
ORCOM and ACCENTURE CONSULTING CONTRACTS

Director Jones at the hearing on April 20, 2007 requested that the Company provide information regarding the Contracts between AWW and ORCOM, including the 1999 Addendum to the original contract with ORCOM executed in 1996. Also being provided are the Contracts and Addendums between AWW and Accenture Consulting. The original 1996 contract with ORCOM included only the software costs and limited consulting on implementation from ORCOM. It was never the intention of AWW that the ORCOM estimate was the entire project cost for the ECIS implementation (estimate of \$7.3 million). It was clearly understood that AWW would be required to supply information technology and customer service personnel to complete the implementation, as well as, additional hardware and software required to complete the ECIS project. Those additional costs were not included in the \$7.3 million estimate of ORCOM costs.

As the project progressed from 1996 to 1999, it became apparent that additional ORCOM support for the ECIS project would be required and an Addendum to the ORCOM contract was executed on April 15, 1999. In addition, increased functionality was determined to be required and additional support beyond ORCOM's services would be required to complete the ECIS project. Accenture Consulting was awarded the Contract to provide the additional support to complete the Project. A contract was executed with Accenture Consulting on April 27, 2000, 2001 and that contract was amended on June 16, 2001.

The information attached to Filing in Response to Director's Questions at Hearing -- Exhibit 1 provides the breakdown of the final costs of the ECIS implementation for TAWC, including costs from ORCOM, Accenture, AFUDC, AWW Service Co. labor & overhead charges, and charges paid directly by TAWC. Pursuant to the express authorization of the Hearing Panel in this case, see Hearing Transcript at 739, TAWC is preparing additional supplemental testimony and exhibits to be filed in this docket regarding the importance of the ECIS system to providing service at TAWC, discussion of the integrated functionality of the ECIS system critical to the service levels provided the customers of TAWC, support for the cost of ECIS to TAWC, the reasonableness of the cost of the ECIS to TAWC compared to industry standards, the migration of the cost over the entire implementation period, and the increased cost required by TAWC to replace ECIS on a stand-alone basis.

The documents attached to this response are as follows:

Index 1 – 1999 Addendum to ORCOM contract.

Index 2 – Letter Agreement between AWW and ORCOM dated December 21, 2000.

Index 3 – AWW and Accenture Consulting Agreement dated April 24, 2000.

Index 4 - AWW and Accenture Consulting Agreement dated June 30, 2001.

Index 5 – Letter Agreement between AWW and Accenture dated January 17, 2003.

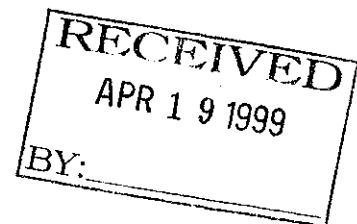


American Water Works Service Company, Inc.

From The Desk Of:
William M. Piszker

ATTACHED IS THE APPROVED
ADDENDUM TO THE ORCOM
CONTRACT FOR YOUR FILE.

WMP

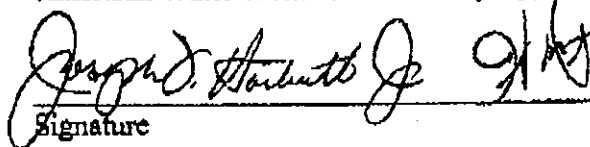


Agreement Relating to Software Update

Orcom Solutions, Inc. ("Orcom") and American Water Works Service Company, Inc. ("Client") are parties to an agreement entered into on October 9, 1996 relating to the provision of certain software (the "Master Agreement"). Orcom and Client propose to enter into an Addendum to Exhibit A (the "Addendum") to that Master Agreement. In consideration for Client's entering into the Addendum and in order to induce it to do so, and in consideration of the amounts to be paid by Client in accordance with Section 5.2.6 of the Addendum, Orcom and Client agree as follows:

If Orcom sells its rights in and to Orcom's Enterprise Customer Information System software, and the buyer does not assume Orcom's obligations under the Master Agreement (including the Addendum), Orcom will promptly refund to Client \$297,000 which represents 50% of the monies which Client has agreed to pay to Orcom in accordance with Section 5.2.6 of the Addendum, provided Client has paid the full upgrade fee of \$594,000 prior to such sale. This Agreement terminates upon delivery by Orcom to the Client of Version 6.xx of Orcom's Enterprise Customer Information System.

American Water Works Service Company, Inc.

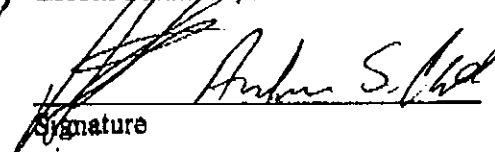

Signature

VP Finance

Title

4/15/99
Date

Orcom Solutions, Inc.


Signature

President

Title

4/16/99
Date

**Revision to Exhibit E - Statement of Work: Customer Information System
for
American Water Works Service Company
Agreement Terms Dated October 9, 1996**

After review by Orcom and AWW staff, it has been determined that certain assumptions contained in the original SOW were understated due to the complexities of the AWW system. The following table represents a request for funding additional services and budgetary planning.

A. Project Change Request Hours

1. **Control File Setup:** Estimate is an additional 300 hours over the contract amount. Orcom accepts 150 hours in the shared risk category and requests 150 hours be non-shared risk.
2. **Conversion:** Estimate is an additional 3800 hours over the contract amount. Orcom accepts 1900 hours in the shared risk category and requests 1900 hours be non-shared risk.
3. **Testing:** Estimate is an additional 4000 hours over the contract amount. Orcom requests 4000 hours of non-shared risk.
4. **Technical Services:** Estimate is an additional 150 hours. Orcom requests 150 hours of non-shared risk.
5. **QA/QC:** Estimate is an additional 350 hours. Orcom requests 350 hours of non-shared risk.
6. **Greenwood Sanitation:** After further evaluation of the Indiana-American Implementation, estimate is an additional 430 hours. Orcom requests 80 hours for control file setup and 350 hours for conversion. These hours are considered non-shared risk.

B. As Requested Hours

Orcom is also prepared to offer additional assistance for Core Group Training and Go Live Support as requested by AWW. Orcom anticipates an additional need of:

1. **Core Group Training:** 400 hours
2. **Go Live Support:** 1100 hours

C. Budgetary Planning Hours

Orcom anticipates the requiring the following additional hours to complete the original 87 system study modifications. These hours are considered shared risk:

1. **Modification's:** 1700 hours

Acceptance/Authorization:

This document is an addendum to the contract between Orcom Solutions, Inc. and American Water Works when it has been authorized by American Water Works and accepted by Orcom Solutions, Inc.

American Water Works Authorization

Signature

Title

Orcom Solutions, Inc. Acceptance:

Signature

Title

February 18, 1999

American Water Works Service Company and shall be effective when signed below by representatives of each party.

American Water Works Service Company, Inc.

Signature

VP Finance

Title

Date

4/15/99

Orcom Solutions, Inc.

Signature

Title

Date

Andrew S. Chitt

Pres. Int

4/15/99

**Revision to Exhibit A – General Terms and Conditions: Customer Information System
For
American Water Works Service Company ("Client")
Agreement Terms Dated October 9, 1996**

Client desires to license future Software Version Updates (major releases) of Orcom's E-CIS (Enterprise Customer Information System) software for IBM's AS400 platform and Orcom Solutions, Inc. ("Orcom") desires to license said updates to Client. This document serves as an addendum to Exhibit A – General Terms and Conditions – to the Agreement executed on October 9, 1996 between Client and Orcom, as subsequently amended by Exhibit F of the Statement of Work agreed to by both parties on October 9, 1996. That Agreement and its Exhibits, including Exhibits A and F, are below referred to as the "Master Agreement".

Prior to this Revision to Exhibit A, Exhibit F read:

- 1.1.6 Orcom reserves the right to charge reasonable upgrade fees for Software Version Updates. Upgrade fees shall be no more than 50% of the then current list price if Client is participating in Orcom's Extended Support Program.

This Revision to Exhibit A changes the Exhibit F language with respect to 5.2.6 only to read:

- 1.1.6 Orcom hereby includes within the "Software" (as that term is defined in Section 1.2 of the Master Agreement) and shall provide to the Client within the scope of the perpetual, irrevocable, non-transferable, nonexclusive license granted in Section 2 of the Master Agreement, Orcom's E-CIS version 5.xx and E-CIS version 6.xx for the IBM AS400 platform. Orcom shall deliver version 5.xx to all of Client's operating subsidiaries where a prior version of the Orcom software was installed under the Master Agreement, and shall deliver version 6.xx to the same locations after version 6.xx becomes generally available. In consideration of the foregoing, and Orcom's providing subsequent major release software version updates as provided below, Client shall pay Orcom a fee of \$594,000 as follows: \$300,000 when the E-CIS version 5.xx is delivered to the first American Water Works Company, Inc. operating subsidiary, and \$294,000 upon the first to occur of (a) the delivery of E-CIS version 6.xx to the first American Water Works Company, Inc. operating subsidiary, or (b) December 31, 1999. Orcom shall also, without additional charge, and include within the "Software" and deliver to the American Water Works Company, Inc. operating subsidiaries referred to above, all subsequent major release software version updates that are generally offered and made available to all E-CIS clients of Orcom prior to December 31, 2002.

Orcom reserves the right, after December 31, 2002, to charge reasonable upgrade fees for Software Version Updates. Upgrade fees shall be no more than 50% of the then current list price if Client is participating in Orcom's Extended Support Program.

This document is an addendum to the Master Agreement between Orcom Solutions, Inc. and

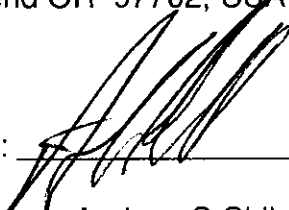
EXHIBIT G --

Addendum to Agreement

ORCOM AND CLIENT ACKNOWLEDGE THEY HAVE READ THIS ADDENDUM TO THE AGREEMENT DATED OCTOBER 9, 1996, UNDERSTAND ITS TERMS, AND AGREE TO BE BOUND BY THE TERMS AND CONDITIONS HEREIN.

Orcom Systems, Inc.
1001 SW Disk Drive
Bend OR 97702, USA

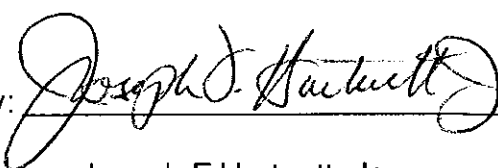
American Water Works Service Co.
1025 Laurel Oak Rd
Voorhees, NJ 08043, USA

By: 

Name: Andrew S Child

Title: President

Dated: 7/22/97

By: 

Name: Joseph F Hartnett, Jr

Title: Vice President & Treasurer

Dated: 7/22/97

EXHIBIT G —

Addendum to Agreement

**Revision to Exhibit E - Statement of Work
for
Customer Information System
for
American Water Works Service Company
Agreement Terms Dated October 9, 1996**

Change:

Phase 1: Management Services:

Task 1.1 - Account Management

Task Description

Orcom will provide up to 2,500 hours of Account Management services for Task 1.1.

To Read:

Orcom will provide up to 2,300 hours of Account Management services for Task 1.1.

Change:

Task 1.2 - Project Management

Orcom will provide up to 13,100 hours of Project Management services for Task 1.2.

To Read:

Orcom will provide up to 12,000 hours of Project Management services for Task 1.2.

EXHIBIT G —

Addendum to Agreement

Change:

Phase 5 - Conversion

Task 5.1 - Provide Data Conversion Services

Orcom will provide up to 4,000 hours of conversion services for Task 5.1.

To Read:

Phase 5 - Conversion

Task 5.1 - Provide Data Conversion Services

Orcom will provide up to 4,500 hours of conversion services for Task 5.1.

Change:

Phase 6 - Modification Construction and Delivery

Task 6.1 - Construct and Deliver Modifications

Task Description

Orcom will provide up to 3,000 hours of corporate modification conversion services, 500 hours of site-specific modification services and 500 hours of interface modifications, for a total of 4,000 hours for Task 6.1.

To Read:

Phase 6 - Modification Construction and Delivery

Task 6.1 - Construct and Deliver Modifications

Task Description

Orcom will provide up to 7,800 hours of modification services, as specified in Table 1 of this Exhibit, for Task 6.1.

EXHIBIT G –

Addendum to Agreement

**Revision to Exhibit A - General Terms and Conditions
for
Customer Information System
for
American Water Works Service Company
Agreement Terms Dated October 9, 1996**

Add:

21. REVISION OF HOURS FOR ACCOUNT MANAGEMENT, PROJECT MANAGEMENT, CONVERSION, & MODIFICATION IMPLEMENTATION SERVICES FOR RISK SHARING PURPOSES - TABLE 1 AND TABLE 2

The Systems Studies phase of the project produced revised estimated hours for Account Management, Project Management, Conversion and Modification Construction and Delivery hours, described in Exhibit E, Statement of Work. The aggregate of 27,400 implementation hours will be used as the benchmark for risk sharing described in Exhibit F, Item 19.

The following table summarizes the revised estimate of hours described above:

<u>Tasks Subject to Risk Sharing</u>	<u>Revised Hours</u>
Account Management	2,300
Project Management	12,000
System Setup	800
Conversion	4,500
Modifications	7,800
	27,400

If, after the technical specifications phase for the modifications is complete, the revised estimated hours are less than the 7,800 listed above and itemized in Table 1 included with this Exhibit, then the benchmark for risk sharing shall be reduced by the difference between the 7,800 hours and the number of hours estimated in the technical specifications. Any hours in excess of the 7,800 required for modifications identified in Table 1 will be subject to risk sharing as described in the Exhibit F, Item 19.

EXHIBIT G —

Addendum to Agreement

Items resulting from the Systems Studies phase and identified in Table 2 of this Exhibit have been determined to be part of Phase IV - System Setup as described in the Statement of Work, Exhibit E and will be accomplished during that project phase. These items have been determined not to require modifications. In the event modifications are necessary, such modifications will be Orcom's responsibility unless the modifications are based on new or additional information not contained in the System Studies and then shall be subject to risk sharing as described in the Exhibit F, Item 19 and Item 21 of this Exhibit above.

All modifications requested by Client and not identified in Table 1 of this Exhibit shall be considered a Project Change Request, subject to the terms of the Statement of Work, Exhibit E, Section V., Change Management Description, Item 2.

TABLE 1

American Water Company - GAP Modifications

No.	GAP Description	GAP#	HRS
1	Bill Print - Next meter reading date. Why estimated. Graphs or Usage Comparisons. Both Gals/Cft. Coding/OCR Coding. One size bill.	3.38*1.13*1.14*1.54 *2.24*2.27*2.22*2.23	425
2	Estimated Bills - Use route read dates for scheduled estimated reads	1.2	150
3	Interfaces - Cash	3.23*3.24	125
4	Interfaces - Meter reading upload/download to Schlumberger and Radix devices	5.11*5.13	125
5	Meter - Master account gets all usage/ then run thru rate steps/ base chgs all mtrs	6.135	32
6	Meter Readings - Provide exception for number of dials if it doesn't match meter record	5.20	32
7	Meter Readings - Remotes - show actual meter was read or needs to be read. Save readings	2.2	125
8	Multiple Information Screen - "Snapshot Screen" (Add next meter read date)	2.13*3.9	38
9	Notices - Payment Terms - If broken, skip past due notices and schedule shutoff in 5 days	4.11	15
10	Notices - Penalties not applied at time of notice. Ability to run as separate process	4.1b	32
11	Notices - Reminder notice sent after hard notice - excluding specific entries	4.18	32
12	Reports - Bill Analysis - Display customer #, by usage, by rate block	6.134	75
13	Reports - BLB05 - Billing Exception Report - Print reading & situation codes	6.5	75
14	Reports - BLB15 - Actual Unbilled Revenue for month and quarter	6.13	125
15	Reports - BLB18 - Route Control Report - Read, bill, & print dates for each route(in route order)	6.15	32
16	Reports - BLB42 - 1001 Report - Number of days between read and bill dates	6.34	125
17	Reports - CSB17 - Revenue Summary - Opening and closing A/R balances - cash by type Tax Reports for Region	6.66*6.128	75
18	Usage Info. for Sewer Authority - Screen for sewer codes, Report BLB23-Sewer Acct changes, Rpt BLB23B- Sewer Accts billed during week, Report BLB23C-Month-End totals, Report BLB23J- Total consumption/turn ons/offers, final bills, Sent via disk, paper, tape	3.18*6.20*6.21*6.22* 6.23*1.41*3.22	600
19	Notices - Payment Terms - Ability to pay info - Income/Expenses Screen, Payment Agreement Re-Negotiation	3.11*4.1a*4.9*4.8	250
20	Reports - BLB20 - Pittsburgh City Adj Register - Difference between city chg and PAWC charge BLB25- Monthly City Register, BLB29 Pittsburgh City Adj Register for final bills	1.6*6.17*6.25*6.29	250
21	Exception Codes - Print comments on based on exception codes	2.75	7
22	Estimated Bills - Auto. create letter when no. of estimates exceeded (read types/exceptions/bill)	1.11	150
23	Estimated Bills - Do not estimate on last years usage if usage is abnormal(i.e.: hidden leak)	3.3	75
24	Estimated Bills - Reports - EST02 - Three or More Consecutive Estimates - lists accounts EST03 - Total Number of estimates comparison to last monthversus last year	6.94*6.95	75
25	Interfaces - JD Edwards financials	1.1	150
26	Meter Inventory - Meter exchanges - Service orders generated when usage or time exceeded	3.32	125
27	Meter Readings - Integrate to automatic route control system	5.22	125
28	Premises - Establishing new premise without establishing an account. Lot & Block	3.1	75
29	Reports - ACB01 - Area showing usage billed # active customers for quarter or month	6.2	75

TABLE 1

American Water Company - GAP Modifications

No.	GAP Description	GAP#	HRS
30	Reports - BLB19 - Final Bill Lag Day - Working days between final read & final bill for current mo.	6.16	32
31	Reports - BLB26 - Lag Day Billing Report - Total customer by route with lag time - monthly	6.27	150
32	Reports - BLB38 - Top 20 Consumption Users by billing class	6.33	75
33	Reports - Collection Lag Report - Calculate total daily A/R by date for cash allowance Billed/Cash	6.139	125
34	Reports - CSB21 - Current Billing Adj Summary - Billing adjustments and reason for them(cur mo.)	6.68	75
35	Reports - CSB22 - Additional Final Local Billing Summary - Total additional usage, amt by rev cls	6.69	75
36	Reports - CSB23 - Project Water Help - Track donations to help low income acts for allocation	6.70	50
37	Reports - MTB12 - Blanket Meter Retirement - lists meter information - monthly or annually	6.102	75
38	Reports - MTB14B - Meter Read Testing Report - lists meters and when due for testing	6.101	100
39	Reports - MTB21 - Meter Read Testing Report - lists meter and test info for tested meters	6.103	7
40	Reports - PBB05 - Stop Penalty Listing - List of accounts exempt from penalty(acct bal & rev cls	6.116	32
41	Reports - Tax Revenue Distribution for O&M	6.12	125
42	Sewer Billing - New Jersey Districts - Based on 3 month period usage/\$	1.20	100
43	Estimated Bills - City of Avalon NJ - minimum usage allowance	1.38	32
44	Estimated Bills - Florham Park NJ - 3 quarters usage average	1.37	75
45	Meter Inventory - Bar Coding triggered by service order	5.3	75
46	Customer Information - Display city with service address	3.5	75
47	Electronic Funds Transfers - Combine EFT transmission from several data libraries	2.80	75
48	Meter Readings - Store meter reader ID and store for logging	5.14	32
49	Reports - CSB24, 24B, 24C - Escheat/ Unclaimed Property	6.71	75
50	Reports - CSB94 - State Recover & Municipal Taxing Districts	6.76	75
51	Reports - CSB95 - Gross Income and Franchise Tax Amts - Total amts billed within muni code	6.77	500
52	Reports - DISC11 - Accounts that had miscellaneous label printed	4.3*6.87	75
53	Reports - DISC4D - Field Service Labels	4.3*6.84	125
54	Search Fields - Additional fields for searching (i.e.; zip codes)	3.12	7
55	Service Orders - Assigning crews by geographical location - By state/zone/outside/distribution	2.59*3.27	75
56	Service Orders - Changing service order type when closing service order	3.33	75
57	Service Orders - Imaging of Closed Service Orders	5.25	75
58	Sewer Billing - Indiana - Wabash average	1.23	32
59	Sewer Billing - Kentucky - Lexington apartments - rate step calculation program	1.26*1.27	32
60	Sewer Billing - Kentucky - Lexington average	1.24	32
61	Sewer Billing - Tennessee - Apartments	1.29	32
62	Sewer Billing - Tennessee - Holding Accounts	1.28	32
63	Sewer Billing - Virginia - average	1.30	32

TABLE 1

American Water Company - GAP Modifications

No.	GAP Description	GAP#	HRS
64	Taxes - Tax Exempt Reason Code - Need an expiration date for reason code(certificate number)	2.53	32
65	Sewer Billing - Indiana - Greenwood Sanitation Districts	1.22*2.4	900
66	Advanced Billing - Book A/R & G/L information by accounting period	1.4*1.10	150
67	Service Orders - Scheduling limits at the crew level	3.28	125
68	Electronic Fund Transfers - Selection based on due date. Notify bank 2 days prior to pulling acct	2.77	
			7,800

Table 2 American Water Company - Setup Items Originally Identified as GAP's

No.	GAP Description	GAP #	Resolution
1	Billing Exception - Usage compared to range or maximum versus a percentage range		ORCOM Setup
2	Calendaring - Disconnect Notice Dates	2.71	ORCOM Setup
3	Calendaring - Late Charge Dates	2.72	ORCOM Setup
4	Deposits - Apply deposit to A/R balance or refund in full without applying	2.19	ORCOM Setup
5	Deposits - Collect full deposit before turn-on	2.19*6.88	ORCOM Setup
6	Electronic Funds Transfers - Attach customer banks to clearing bank	2.78	ORCOM Setup
7	Estimated Bills - Do not estimate on last years usage if usage is abnormal(i.e.: hidden leak)	3.3	ORCOM Setup
8	Estimated Bills - Retain estimated readings	1.2	ORCOM Setup
9	Fixed Charges - Primacy Charges - Fixed charge with a maximum amount	1.8	ORCOM Setup
10	Fixed Charges - Private Fire Protection - Franchise Fee	1.32	ORCOM Setup
11	Meter Inventory - Mass addition of meters to inventory (Look at KN Energy and Nova Scotia)	3.34	ORCOM Setup
12	Meter Readings - Ability to select routes by next read date	5.7	ORCOM Setup
13	Meters - Additive and subtractive meters	1.53	ORCOM Setup
14	Minimum Usage - If minimum usage amount is a fixed chg and does not go through rate steps.	1.7	ORCOM Setup
15	Miscellaneous Charges - Non water related charges on a separate bill. Required in PA.	1.45*2.5	ORCOM Setup
16	Miscellaneous Charges - Non water related charges on a separate bill. Required in PA.	2.63*3.4	ORCOM Setup
17	Miscellaneous Charges - Taxes on	1.4	ORCOM Setup
18	Notices - "Split Service" shutoff notification to non-delinquent account as well as delinquent acct.	4.31	ORCOM Setup
19	Notices - Identify fire protection service customers receiving collection notices	4.2	ORCOM Setup
20	Notices - Internal Collection of Closed Accounts	4.35	ORCOM Setup
21	Notices - Process groups by other than "Bill Class"	4.1c*4.5	ORCOM Setup
22	Payments - Payment Allocation	3.6*3.7*3.8	ORCOM Setup
23	Print Dates Post Dated Bill Dates	2.25	ORCOM Setup
24	Rate Schedule - Meter base charge based on meter size not service size (Orcom Issue)	1.16*1.52	ORCOM Setup
25	Reports - BLB69 - Pre-Authorized Billing On-Hold - Save-A-Check acts pre-authorized but on-hold	6.42	ORCOM Setup
26	Reports - Credit Adjustment Report	6.54	ORCOM Report
27	Reports - CSB09 - Charge Offs - Accounts exempt for charge off and reason why	6.60	ORCOM Report
28	Reports - CSB12 - Charge Offs - (CSB12S) - List water & sewer accts coded for collection	6.63	ORCOM Setup
29	Reports - DISC10 - Tenant Landlord Labels - Lists acct., tenant#, date etc.	4.3*6.86	ORCOM Setup
30	Reports - DISC4E - Control Sheet for Field Service Labels - Recap of acts with field service label	4.3*6.85	ORCOM Setup
31	Reports - New services attached to premise - Taxing districts	2.58	ORCOM Setup
32	Reports - Statistic reporting should be in 1000 gal amounts even though billed in 100 cft		ORCOM Setup
33	Security - Limit sewer authorities access to water records - Limit by district? Inquiry only.	3.19	Still a concern 6/23/97
34	Service Orders - Scheduling when in customer contacts	3.13	ORCOM Setup
35	Service Orders - Service Order transactions processed on "Date"	6.123	ORCOM Report
36	Service Orders - Work Order field on service for tracking purposes and reporting to JD Edwards	3.30	ORCOM Setup

Table 2 American Water Company - Setup Items Originally Identified as GAP's

No.	GAP Description	GAP #	Resolution
37	Tax - Calculated tax amount for specific utility charge	1.58	ORCOM Setup
38	Usage Info - Reports - BLB23M - Monthly Usage Data Report	6.24	ORCOM Report
39	Late Payment Charges as of cash posted	6.117	ORCOM Report
40	Discount - Loss of discount at time cash received - Salisbury	1.46*4.16	ORCOM Setup
41	Fixed Charges - Surcharges - Salisbury Mass. Seasonal Accounts	1.9	ORCOM Setup
42	Estimated Bills - Belmar NJ - monthly average usage based on quarterly \$'s	1.36	ORCOM Setup - Use Orcom Standard
43	Budget - Bi-Monthly	1.34	ORCOM Setup - Use Orcom Standard
44	Notices - Landlord receives first notice and then notify tenant	4.3	ORCOM Setup
45	Notices - Send "soft" notices on different day than regular notice	4.6	ORCOM Setup
46	Write Offs - Residential may have different amount than commercial.	2.28	ORCOM Setup
47	Estimated Bills - Do not estimate on last years usage if usage is abnormal(i.e.: hidden leak)	3.3	ORCOM Setup - Use Orcom Standard
48	Fixed Charges - Fire protection Services detector check meters. Report showing usage monthly	1.17	ORCOM Report
49	Meter Change-out usage for 100cft meter to 1000 gallon meter should show on same bill		
50	Reports - CSB06 - Manual Office Adjustments - Audit File Listing - Adjs made for current day	6.58	ORCOM Setup - Use Orcom Standard
51	Meter Readings - Pass "How Read" code & populate service record "type read"	5.17	ORCOM Setup
52	Reports - BLB06 - Customer Record Report - Detailed billing register by route/revenue class	6.6	ORCOM Setup
53	Reports - BLB74 - Labels for Accts needing Actual Read. List accounts with consecutive estimates	6.44	ORCOM Setup
54	Reports - CSB08 - Charge Offs - Accounts recommend for charge off	6.59	ORCOM Setup
55	Notices - Landlord receives first notice and then notify tenant	4.3	ORCOM Setup

Orcom Systems, Inc.

Agreement Terms

This agreement, dated as of October 9, 1996, is made and entered into by and between Orcom Systems, Inc. ("Orcom") and American Water Works Service Company ("Client"). Orcom and Client agree as follows:

Orcom will supply the products and services described in this agreement, and Client will accept such products and services, under the terms and conditions provided in this Agreement.

This Agreement includes the following Exhibits, which by this reference are made a part of this Agreement:

Exhibit A - General Terms and Conditions

Exhibit B - Orcom Systems' Software and Prices
(Dated October 9, 1996)

Exhibit C - Hardware, IBM Software and Prices
(Not Applicable at This Time)

Exhibit D - Orcom Rate Structure
(Dated October 9, 1996)

Exhibit E - Statement of Work
(Dated October 9, 1996)

Exhibit F - Addendum to Orcom Agreement
(Dated October 9, 1996)

Orcom Systems, Inc.

Agreement Terms

ORCOM AND CLIENT ACKNOWLEDGE THAT THEY HAVE READ EACH EXHIBIT TO THIS AGREEMENT, UNDERSTAND THEM, AND AGREE TO BE BOUND BY THEIR TERMS AND CONDITIONS.

Orcom Systems, Inc.
1001 S.W. Disk Drive
Bend, Oregon 97702, USA

BY: Marilyn Beem

Name: MARILYN BEEM

Title: PRESIDENT

Dated: 10/10/96

American Water Works
Service Company
1025 Laurel Oak Rd.
Voorhees, New Jersey 08043, USA

BY: Joseph F. Hartnett Jr.

Name: JOSEPH F. HARTNETT JR

Title: V.P. & TREASURER

Dated: 10/9/96

CIS Replacement

System Studies Phase - Activity Description

Events

. Bill Calculations :

Rate changes
 Estimated Bill
 Customers with Special discounts
 Pro-rated Bills
 Initials
 Finals
 Re-numbered accounts
 Bill days outside bill cycle

. Taxes:

GST
 PST
 One Tax or Both
 Tax Exempt Customers
 Exempt Fixed Charges From (and or GST/PST)

. Reconnects:

Disconnects for non-payment ?
 Disconnected in error
 Metered to UNMS

. Seasonal:

Regular seasonal Accounts
 Seasonal with UNMS
 Seasonal outside bill cycle

. Flagged Bills:

Consumption Variance
 Initial Bills - Specific rates
 Demand Variance
 Dollar variance on Specific Rates

. Time of use Billing

. Load Factor Cap?

. Peak Period Billing?

**CIS Replacement
System Studies Phase - Activity Description**

Study Name : **Bill Calculation**

Scheduled Start Date	August 19, 1996	Time	8.30
Location	Bend	Floor	3
Workshop Duration	4	days	

Purpose of Study

- Define calculations for standard and exception billing.
- See rate control table study #10A

Topics

- Bill estimation
- Pro-rated bills
- Rates
- Fixed charges
- Unmetered Services
- Taxes & surcharges
- Contracts (Settlement Agreements ?)
- Rate changes
- Reconnects
- Daily rates (TOU)
- Seasonal Customers
- Seasonal Customers with Unmetered Service
- Flag Bills
- Large Customer Billing
- Peak Period Billing? Winter or Summer
- Bill Codes
- Multiple Rates per customer / multiple meters per customer

**CIS Replacement
System Studies Phase - Activity Description**

Client Resources

Title	Preparation	Workshop	Follow-up	Assignment
Core team leader				
Core team member				
Billing				
Billing				
MIS Resource				
Project Mgmt Team				
Total				

Orcom Resources

Title	Preparation	Workshop	Follow-up	Assignment
Project Manager	8	32	16	
System Analyst	8	32	16	
Software Specialist		32	16	
Total	16	96	48	Total = 160

CIS Replacement System Studies Phase - Activity Description
--

Preparation / Equipment

Rate Tables Load Factor Calculation. Scenarios prepared Table for scenario results
--

Possible Approach

- | |
|--|
| <ul style="list-style-type: none"> - Create summarized discussion paper to be distributed week prior to workshop to be brought to workshop. - Site visit should have been completed if required and data already collected. - Create scripted scenarios - Workshop to work through scripted scenarios - Address any concerns from discussion papers which have not been addressed in scenarios. - Note all results in table of scenarios |
|--|

NSPI Deliverables	OrCom Deliverables
---------------------------------	----------------------------------

Calculate Bills using Rates Guidelines	Detail requirements report
---	-----------------------------------

Outstanding Issues

Summary Billing

EXHIBIT A -- General Terms and Conditions

1. DEFINITION OF TERMS

1.1 "Agreement" means the agreement between Orcom and Client, of which these General Terms and Conditions form a part.

1.2 "Software" means the computer software identified in Exhibit B, any Software Updates furnished to Client by Orcom, and any computer software provided under Section 6.

1.3 "Documentation" means all instructions supplied by Orcom for operation of the Software. These instructions may be contained in user manuals, stored on-line on the IBM AS/400, on video tape or other media.

1.4 "Software Updates" means all changes, modifications and improvements to the Orcom Software made by Orcom and provided to Client under this Agreement.

1.5 "IBM Software" means all operating system software and other IBM software products listed on Exhibit C under the heading "IBM Application Software Programs."

1.6 "Software Module" means an individual software item listed on Exhibit B.

1.7 "Hardware" means all equipment other than IBM Software listed on Exhibit C.

2. ORCOM SOFTWARE

Orcom shall provide Client with the Software described in Exhibit B, subject to the provisions of this Agreement.

2.1 LICENSE OF THE SOFTWARE

Orcom Systems hereby grants to Client a perpetual, nontransferable, nonexclusive license to:

2.1.1 use the Software on eight IBM AS/400 computers;

2.1.2 use the Software on back-up computers, when Client's IBM AS/400's are temporarily inoperable, until Client's computer's are restored to operation or periodically to practice Client's disaster recovery procedures.

2.1.3 copy the Software for archival purposes only; and

2.1.4 use, modify and copy the Documentation as reasonably required in connection with Client's operation of the Software.

2.1.5 Source Code. The current version of the Orcom source and object code shall be provided to Client.

2.2 LIMITATIONS OF SOFTWARE LICENSE

Client will use the Software and Documentation only as specified in paragraph 2.1 and in accordance with the following:

2.2.1 Client will not install or use the Software on more than eight IBM AS/400 computer's at any one time.

2.2.2 Client will not remove, obscure or alter any notice of copyright or other proprietary rights appearing in or on any Software or Documentation and will ensure that all copies made by Client include such notices.

2.2.3 Client shall not sublicense, sell or otherwise transfer the Software or Documentation, in any form, to any third party without obtaining the prior written consent of Orcom.

2.3 OWNERSHIP OF SOFTWARE/CONFIDENTIALITY

Software and Documentation involve valuable copyright, trade secrets and other proprietary rights of Orcom. Except for the license granted under paragraph 2.1, Orcom reserves all such proprietary rights. No title to or ownership of any Software, Documentation, or related proprietary rights is transferred to Client under this Agreement. Client will keep the source code to the Software and Documentation in a safe and secure place and will treat them as confidential.

2.4 PATENTS/COPYRIGHTS

Orcom, at its expense, will defend Client against and hold it harmless from any claim that the Orcom Software or Documentation infringes upon any copyright or patent. This indemnification is contingent upon: (a) Client giving Orcom prompt notice of the claim; (b) Orcom having control over the defense and settlement of the claim; (c) Client providing such assistance in defense and settlement of the claim as Orcom may reasonably request; and (d) Client complying with any court order or settlement resulting from the claim. This indemnification shall only apply to the Orcom Software outlined in Exhibit B.

2.5 ORCOM SOFTWARE WARRANTY

2.5.1 SOFTWARE FUNCTIONS. Orcom warrants that the Orcom Software will substantially perform all functions specified in its currently published Documentation.

2.5.2 REMEDY. In the event that the Orcom Software fails to perform as warranted under paragraph 2.5.1, Client's sole and exclusive remedy shall be correction by Orcom within a reasonable time of all documented errors.

2.5.3 WARRANTY PERIOD. The warranty provided under paragraph 2.5.1 shall remain in effect so long as Client is being supported by Orcom under the terms and conditions of Orcom's Extended Support, as defined in Section 5. The warranty provided under paragraph 2.5.1 shall not apply to any modifications made to the Orcom Software by anyone other than Orcom personnel unless the modifications have been authorized in writing by Orcom.

2.6 SOFTWARE LICENSE PAYMENT TERMS

2.6.1 Upon execution of this Agreement, Client shall pay Orcom fifty percent (50%) of the total Orcom Software price specified in Exhibit B.

2.6.2 An additional thirty-five percent (35%) of the total Orcom Software price shall be due and payable upon delivery of the Orcom Software and Documentation to Client.

2.6.3 The remaining fifteen percent (15%) of the price of each Orcom Software Module shall be due and payable thirty (30) days after an Orcom Software Module is being actively used on Client's IBM AS/400.

3. COMPUTER HARDWARE AND IBM SOFTWARE

Orcom shall provide Client with the Hardware and IBM Software as described in Exhibit C under the following terms and conditions, subject to the provisions of this Agreement.

3.1 HARDWARE WARRANTIES

3.1.1 Orcom warrants that at the time of full payment, title to the Hardware will pass to Client free of any encumbrance arising through Orcom.

3.1.2 Orcom will assign to Client the Hardware and IBM Software manufacturers' warranties specified in Exhibit C.

3.2 RISK OF LOSS

Orcom will bear the risk of loss or damage up to the time of delivery of Hardware and IBM Software under paragraph 4.2. Thereafter, the risk will pass to the Client.

3.3 HARDWARE PAYMENT TERMS

3.3.1 Upon execution of this Agreement, Client shall pay 25% of the total price for the Hardware and IBM Software specified in Exhibit C.

3.3.2 The balance of the price for the Hardware and IBM Software cost is due and payable in full upon delivery of the Hardware.

4. DELIVERY AND INSTALLATION

4.1 Orcom will endeavor to meet the scheduled delivery of the Hardware and Software as outlined in Exhibit E.

4.2 Orcom and Client will both endeavor to meet the schedule for installation of the Software and training as outlined in Exhibit E.

4.3 Orcom will inform Client, in writing, of the status of the installation during the course of its implementation.

4.4 Client must approve all services associated with the implementation prior to Orcom beginning work on any portion of the implementation schedule.

4.5 Client will be billed for these services under the terms and conditions outlined in Section 6.

5. EXTENDED SUPPORT

Orcom shall make available to Client Extended Support as described below, subject to the provisions of this Agreement.

5.1 RESPONSE LINE

Orcom's Response Line will be available to answer Client's questions on the operation of any Software licensed and purchased from Orcom.

5.1.1 The Response Line is staffed at a minimum from 5:00 a.m. to 5:30 p.m. U.S. Pacific time, Monday through Friday.

5.1.2 Assistance is available at other times by prior arrangement.

5.1.3 Access in the USA is by a toll free 800 number.

5.2 SOFTWARE UPDATES

Orcom will supply Client from time to time with Software Updates to each of Orcom's Software Modules under the following conditions:

5.2.1 All Software Updates must be installed on Client's IBM AS/400 to continue Extended Support.

5.2.2 Software Updates may be transmitted via communication lines, delivered by magnetic media, or may require an on-site visit to the Client's office for installation and training.

5.2.3 Labor, travel and telephone costs associated with the installation of the Software Updates are not included in the price of Extended Support. Client will be billed for these services under the terms and conditions outlined in Section 6.

5.2.4 Specific Software enhancements included in each Software Update will be determined by Orcom.

5.2.5 All Software Updates are part of Orcom's Software. Terms and conditions of the license are contained in paragraphs 2.1 through 2.4 and apply to all Software Updates.

5.2.6 Orcom reserves the right to charge reasonable upgrade fees for Software Version Updates.

5.3 EXTENDED SUPPORT PAYMENT TERMS AND COST

Payment terms for Extended Support are as follows:

5.3.1 The first monthly payment for Extended Support shall be due and payable on the first day of the month after delivery of the Software and Documentation.

5.3.2 Subsequent monthly payments shall be due and payable on the first day of every month thereafter.

5.3.3 Client will be billed the monthly fee as outlined in Exhibit D.

5.3.4 The monthly fee will be revised if Client purchases additional Software Modules.

5.3.5 Either party may discontinue Extended Support by providing thirty (30) days' advance written notice to the other.

6. SUPPORT SERVICES

Orcom will make available to Client additional support services as described below, subject to the provisions of this Agreement.

6.1 AVAILABLE SERVICES

Orcom will provide the following services to Client upon Client's request:

6.1.1 Installation and training on Orcom Software, IBM Software and Hardware.

6.1.2 Systems design, customized programming and consulting

6.1.3 Conversion programming and assistance.

6.1.4 Advanced Technical Services.

6.2 COST OF SUPPORT SERVICES

Client will pay Orcom's current rate structure for each service as outlined in Exhibit D.

6.3 RATE INCREASES

Orcom may change its rates as outlined on Exhibit D for Extended Support as described in Section 5 and for additional support services as described in

this Section 6 upon thirty (30) days' written notice to Client. However, the rates will not be modified for Client for at least twelve (12) months after the date of this Agreement.

6.4 PAYMENT TERMS

All support services invoices are due and payable upon receipt of invoice.

7. DISCLAIMER OF WARRANTIES

ORCOM MAKES NO WARRANTIES, EXPRESS OR IMPLIED, OTHER THAN THE WARRANTIES EXPRESSLY STATED IN PARAGRAPHS 2.5.1 AND 3.1.1. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED.

8. LIMITATION OF LIABILITY

ORCOM'S LIABILITY TO CLIENT (WHETHER IN CONTRACT, TORT OR OTHERWISE, AND NOTWITHSTANDING ANY FAULT, NEGLIGENCE, STRICT LIABILITY OR PRODUCT LIABILITY OF ORCOM) ARISING FOR ANY REASON UNDER THIS AGREEMENT SHALL NOT EXCEED THE AMOUNT OF THE LICENSE FEE PAID BY CLIENT UNDER PARAGRAPH 2.6. UNDER NO CIRCUMSTANCES SHALL ORCOM BE LIABLE FOR ANY COVER OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR ANY LOST PROFITS SUFFERED BY CLIENT OR ANY THIRD PARTY, EVEN IF ORCOM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. ARBITRATION OF DISPUTES

Any controversy or claim arising out of or relating to this Agreement, other than controversies or claims related to Orcom's proprietary rights in the Software, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and the judgment upon the award by the arbitrator(s) may be entered in any court having jurisdiction.

10. FORCE MAJEURE (EXCUSABLE DELAYS)

Neither party is responsible for failure to fulfill its obligations under this agreement due to causes beyond its control.

11. TAXES

The prices under this Agreement do not include any taxes, duties or other fees of any governmental entity having jurisdiction. Client shall pay all such taxes, duties and fees resulting from this Agreement.

12. CONFIDENTIAL INFORMATION

Orcom shall use its best efforts not to use or to disclose to any other person any confidential information of the Client which Orcom has access to in connection with its performance under this Agreement. Confidential information is information that relates to Client's business affairs. This provision does not apply to information in the public domain.

13. NONCOMPETE

Due to the confidential nature of Orcom business, Client shall not offer employment in any form or manner to any employee of Orcom either during current employment or for one year after termination of employment. Orcom shall not offer employment in any form or manner to any employee of Client either during current employment or for one year after termination of employment.

14. ASSIGNMENT OF RIGHTS

Neither Orcom nor Client shall sell, assign or otherwise transfer their rights or obligations under this Agreement without the prior written consent of the other party.

15. ENTIRE AGREEMENT

This Agreement, together with all Exhibits, is the complete and exclusive statement of the agreement relating to the subject matter of this Agreement. This Agreement supersedes all proposals or other agreements, oral or written, and all other communications between Orcom and Client relating to the subject matter of this Agreement.

16. AMENDMENTS TO AGREEMENT

No amendment of this Agreement will be valid unless set forth in a written instrument signed by Orcom and Client.

EXHIBIT B --

Orcom Systems' Software and Prices

Orcom Customer Information System

\$ 1,350,000

Customer Information is a complete system that maintains water, sewer and related services for your customers. Our package includes a credit history tracking system, a bad debts system, and deposit tracking. Customer Information is fully integrated with other Orcom systems.

Orcom Contact Management System

\$ 270,000

The Contact Management System allows you to define various types of calls and track customer contacts. Based on the call type, letters or service orders can be generated automatically. This system allows managers to track the types of calls being received and helps assure a consistent response. It is a powerful tool for implementing total quality management and statistical process control.

Orcom Service Orders

\$ 135,000

Service Orders offers a convenient way to record service requirements for meter connects, change outs, and other service work. Our system facilitates scheduling, prints the service orders, and automatically updates the Customer Information System.

EXHIBIT B -- Corporate Site License

Orcom Systems' Software and Prices

Orcom Electronic Meter Reading Software Interface	\$ 45,000
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The Orcom Electronic Meter Reading Interface provides an integrated link between the Itron Premier Plus and Radix Meter Reading Software and Orcom's Customer Information/Utility Billing System.

Orcom Code 1 Address Validation Software Interface	\$ 22,500
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The Orcom Code 1 Software Interface provide and integrated batch interface between Orcom's Customer Information System and Code 1 address validation software.

Orcom Equifax Credit Reporting Interface	\$ 22,500
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The Orcom Equifax Credit Reporting Interface provides an integrated link between Equifax and Orcom's Customer Information System. Please note, additional hardware, software and service fees need to be purchased from Equifax.

Orcom Rate Studies	\$ 45,000
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Our Rate Studies System uses historical data from our Customer Information System to analyze the effects of potential rate changes.

EXHIBIT B -- Co. Rate Site License

Orcom Systems' Software and Prices

Orcom Utility-Defined Screen Facility **\$ 225,000**

The Utility-Defined Screen Facility allows our clients to add entire screens of information to their database. Additionally, validation tables and on-line help can be added to any field you have defined, allowing our software to be adapted to many specific information tracking requirements.

Orcom Utility-Defined Menu System **No Charge**

The Utility-Defined Menu System allows our clients to set up and maintain their own menus. Each menu can have up to 99 options, and options from existing Orcom menus can easily be added to these menus. Menu Option and User Security is included.

Orcom Special Equipment **\$ 225,000**

The Special Equipment System allows you to track individual pieces of equipment such as valves, hydrants and backflow devices. Each piece of equipment is assigned an identification number. Using this unique identification, a purchase, installation and repair history of each item can be tracked.

EXHIBIT B -- Corporate Site License

Orcom Systems' Software and Prices

Orcom Equipment Test Screen Facility	\$ 22,500
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The Equipment Test Screen Facility allows utilities to determine the test data they wish to capture on each type of Special Equipment. For each type of special equipment, the utility can define specific test data and maintain a perpetual historical record. This system eliminates the need for custom programming if additional testing requirements are added, or if existing test data changes.

Seagull GUI/400 Graphical User Interface Corporate Panel License	\$ 150,000
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Seagull GUI/400 Graphical User Interface EXE. Licenses (500 EXE. Licenses @ \$ 150 each)	\$ 75,000
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GUI/400 provides a graphical user interface to Orcom's applications and AS/400 data. GUI/400 passes the DDS from AS/400 screens and allows substantial control for tailoring the look and feel of the graphical user interface.

Silvon Receiver Version Control Software (8 Licenses @ \$ 1,500 each)	\$ 12,000
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The Silvon Receiver Version Control Software provides an automated method of tracking version and release updates. One copy is required for each IBM AS/400.

EXHIBIT B -- Corporate Site License

Orcom Systems' Software and Prices

(The following software module is priced individually for one site. Multiple licenses may be purchased if desired for more than one site.)

Seagull GUI/400 Application Developers Kit **\$ 10,000**

The GUI/400 Application Developers Kit allows users to build GUI panels and change existing GUI screens, if necessary. The GUI/400 Application Developers Kit is necessary with the purchase of the GUI/400 Graphical User Interface.

Total Software Cost (Exhibit B) **\$ 2,609,500***

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One set of Orcom Software documentation is included in the above software license fee. Additional copies of the documentation may be purchased from Orcom.

*Total software cost includes a 10% Orcom Application Software discount.

Orcom Standard Extended Support **\$ 391,425**

(Annual Standard Extended Support cost is 15% of the total Software license fees purchased, plus 15% of the cost of software modifications. Please see Extended Support for details).

EXHIBIT D --

Orcom Systems' Rate Structure

TRAINING

\$85 per hour

Includes training on software, hardware, and other operations.

ACCOUNT/PROJECT MANAGEMENT AND SOFTWARE SETUP

\$125 per hour

Includes Account/Project Management, software setup, and systems studies and Project Assurance Meetings.

SYSTEMS ANALYSIS AND CUSTOM PROGRAMMING

\$125 per hour

Systems analysis and custom programming services include systems design, custom modifications, and conversion programming.

TECHNICAL SERVICES

\$150 per hour

Technical services include consulting, planning, installing, and supporting your hardware and connectivity environment.

STANDARD EXTENDED SUPPORT

Annual Standard Extended Support cost is 15% of the total Orcom Software license fees purchased, plus 15% of the cost of software modifications. Under Standard Extended Support, Response Line is available Monday - Friday, 5:00 a.m. - 5:30 p.m., Pacific Standard Time.

After hours support is billed at \$150 per hour.

Orcom Systems' Rate Structure

PREMIUM EXTENDED SUPPORT

Annual Premium Extended Support cost is 18% of the total Orcom Software license fees purchased, plus 18% of the cost of software modifications. Under Premium Extended Support, Response Line is available 24 hours a day, seven days a week.

TRAVEL EXPENSES AND ADDITIONAL CHARGES

Orcom Systems bills to the Client our actual travel, meal and lodging expenses as incurred in conjunction with any support services.

Equipment and products shipped by Orcom Systems are FOB Bend, Oregon. The charges are normally prepaid and added to your invoice.

EFFECTIVE DATES

Orcom may change its rates upon thirty (30) days written notice to Client. However, the rates will not be modified for Client for at least twelve (12) months after the original contract date.

**Orcom Systems
Statement of Work
for
Customer Information System
for
American Water Works System Operating Company**

Objective

The objective of this project is to provide a Customer Information System for American Water Works System Operating Company (AWWC). The system will be the Orcom Mirror Pond Customer Information System (CIS).

This Statement of Work includes the following sections:

- Section I. Overview
- Section II. Project Organization and Staffing Approach
- Section III. Key Assumptions
- Section IV. Phases with Associated Tasks, Responsibilities, Deliverables, Assumptions and Completion Criteria
- Section V. Change Management Description
- Section VI. Attachments

Revision

The implementation hours shown are preliminary estimates and will be revised upon completion of the Scoping Phase and Technical Modifications Specifications. It is the intent of the project team to adhere to the revised implementation hour estimates. Orcom tasks that are delivered in fewer hours or Orcom tasks that exceed the number of hours estimated will be subject to paragraph 19 of Exhibit F.

Completion criteria, project time-line, roles and responsibilities may also change based upon input from the Scoping Phase. These changes along with the revised hour estimates will be incorporated into an updated Statement of Work.

Statement of Work

Section I. Overview

This Statement of Work defines the work to be performed by Orcom Systems. It defines the scope of the project, the key assumptions, Orcom responsibilities and AWWC responsibilities, Orcom and AWWC deliverables, completion criteria, the change management process and the estimated project schedule. A joint team of AWWC and Orcom team members will be formed to carry out all project related activities.

During the Scoping period, Orcom will provide system studies to assist AWWC in the identification of CIS customization needed to comply with regulatory requirements. It is the intention of AWWC to utilize the CIS system product capabilities and minimize the amount of customization required. The results of the Scoping period will be a documented set of changes required by AWWC. The effort to implement these changes will be estimated by Orcom and AWWC. AWWC will then select and prioritize the changes that it approves as Job Requests (JR's) to be included within the maximum of up to 4,000 hours obligated by this Statement of Work. All other changes that, when added to the changes selected by AWWC, increase the hours above the 4,000 hours for changes will be deemed Project Change Requests (PCR's). They will be implemented outside the scope of the project, as defined by the PCR process in the Statement of Work. The Orcom project team will modify the CIS system by designing, developing, and system testing the JR's with assistance from AWWC as defined in this Statement of Work.

To support the overall project as described above, Orcom will provide an Account Manager and AWWC will provide a full time Executive Project Manager. In addition, Orcom and AWWC will provide Project Managers for the eight installations. The eight installations are Pennsylvania, New Jersey, New England, West Virginia, Indiana, Illinois, The Region and California. In addition to the customization, Orcom will provide estimates for analysis, conversion and training.

Section II. Project Organization and Staffing Approach

Orcom will assemble a team of highly experienced professionals with background in their specific areas. Following is a description of each Orcom project member role and a project organization chart.

- **Orcom Executive Sponsor:** The Orcom Executive Sponsor is a member of Orcom's senior management team. He is responsible for providing management assistance and executive communication.
- **Account Manager:** The Orcom Account Manager will be responsible for the overall completion of those activities assigned to Orcom described in the Statement of Work. He/She is responsible for management of the project at the corporate level. The Orcom Account Manager will also participate in the AWWC Project Management Team.
- **Project Manager (s):** Orcom Project Managers are responsible for the overall completion of activities assigned to Orcom at the company level.
- **Software Set-up Specialist (s):** Orcom Set-up Specialists are responsible for the completion of software set-up activities assigned to Orcom in the Statement of Work.
- **Software Training Specialist (s):** Orcom Training Specialists are responsible for the completion of training activities assigned to Orcom in the Statement of Work.
- **Conversion Programmer (s):** Orcom Conversion Programmers are responsible for conversion activities assigned to Orcom in the Statement of Work.
- **Modification Programmer (s):** Orcom Modification Programmers are responsible for modification activities described assigned to Orcom in the Statement of Work.

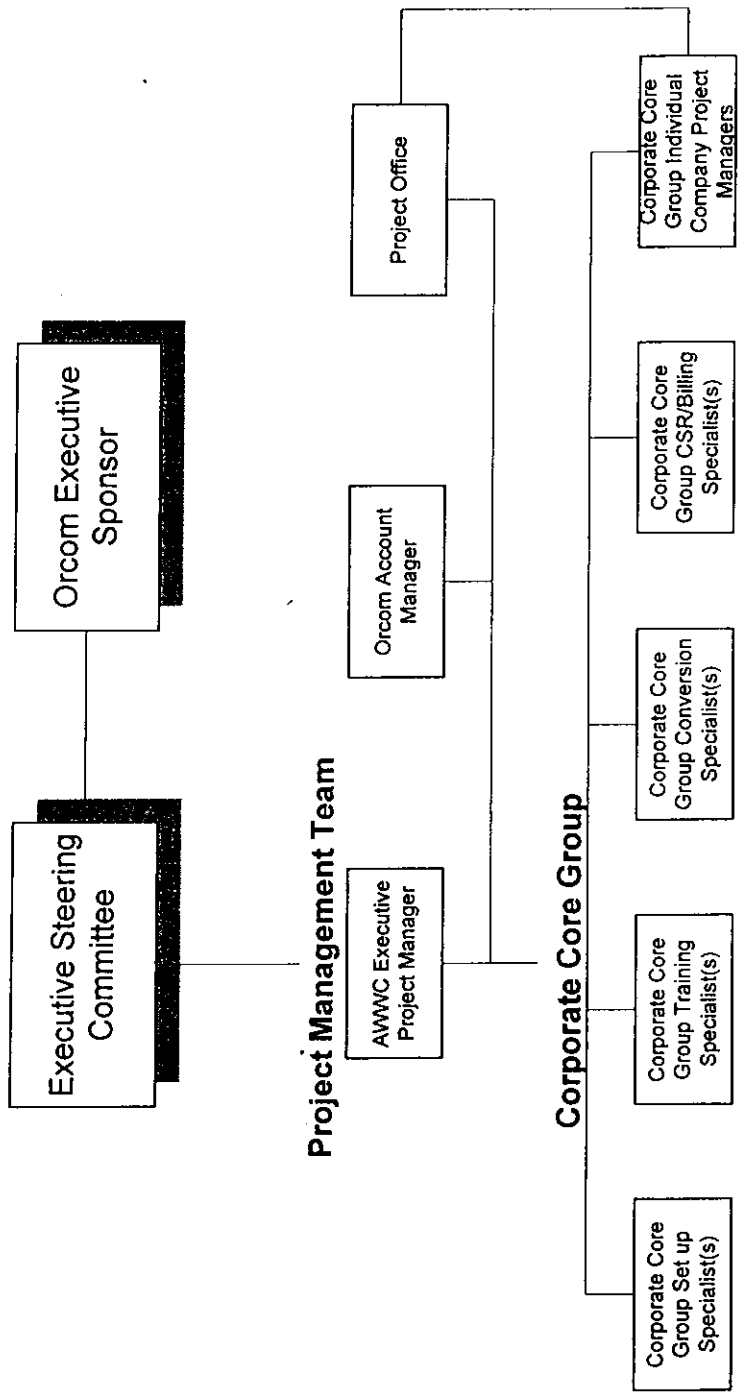
Statement of Work

Following this page are the project organization charts for both the corporate and the site level. In order to maintain the aggressive time-line and perform all responsibilities, we recommend AWWC schedule the following project resources.

- **Executive Steering Committee:** Comprised of AWWC executives and providing project guidance and direction. The primary objective of the Steering Committee is to provide organizational commitment in a channel for direct communication to the CIS executive sponsors.
- **Executive Project Manager:** The AWWC Executive Project Manager will be responsible for the overall completion of those activities described assigned to AWWC in the Statement of Work. He/She is responsible for management of the project at the corporate level. The AWWC Executive Project Manager will also participate in the AWWC Project Management Team.
- **Corporate Core Team Members:** The Corporate Core Team is comprised of empowered individuals in key areas such as training, set-up, conversion / technical and customer service. These members are responsible at a corporate level for individual tasks assigned to AWWC and their completion.
- **Site Project Managers:** AWWC Project Managers are responsible for overall completion of activities assigned to AWWC at the company level.
- **Site Core Team Members:** A site core team is comprised of empowered individuals in key areas such as training, set-up, conversion / technical and customer service. These members are responsible at each company's level for individual tasks assigned to AWWC and their completion.

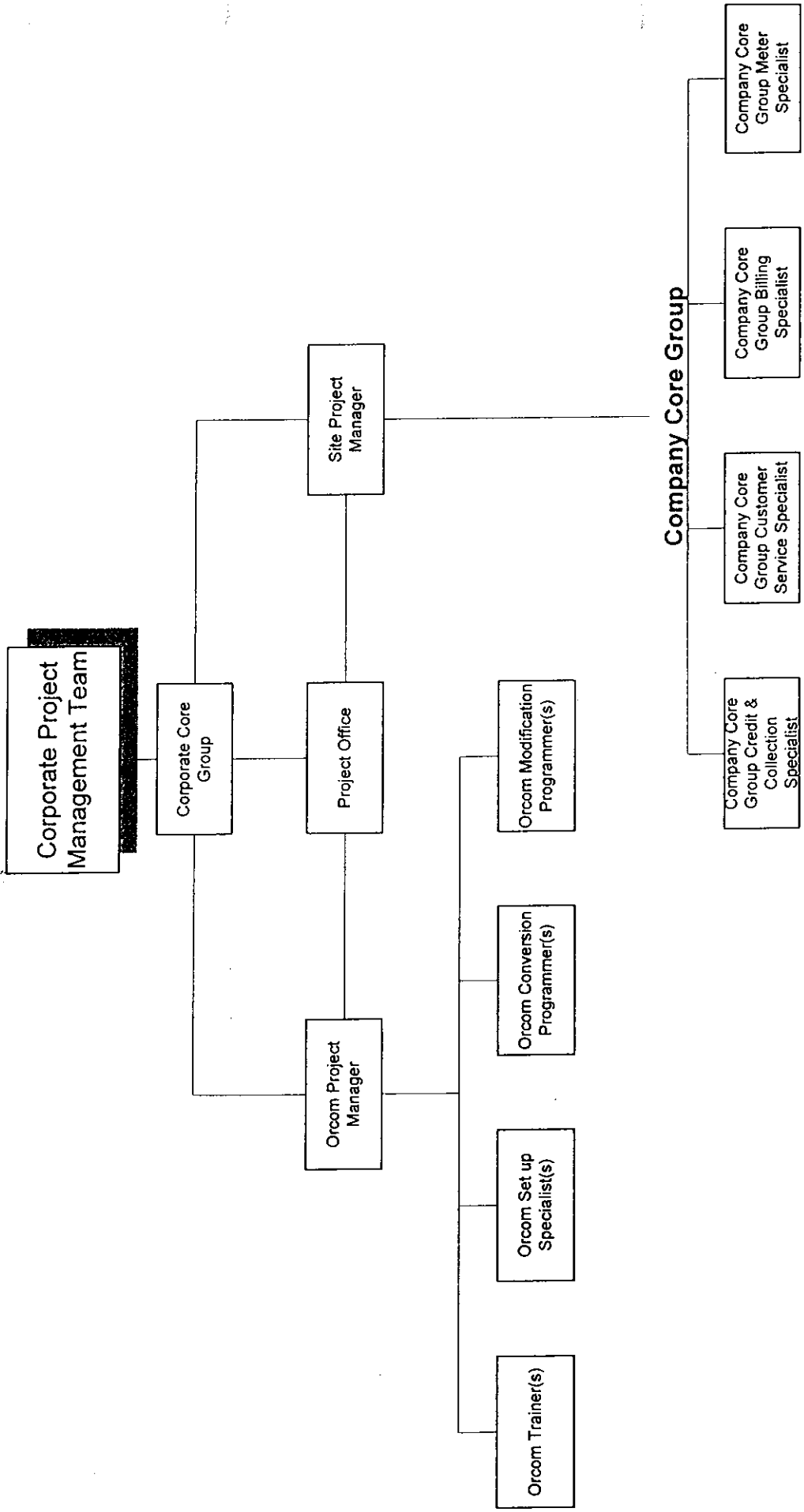
Project Organization - Corporate Level

August 19, 1996



Project Organization - Site Level

August 19, 1996



Section III. Key Assumptions

- AWWC will utilize the base-line Orcom CIS and strive to minimize custom modifications. Modifications should be limited to output files (i.e. bill print formats), state PUC requirements, critical reports and interfaces. If modifications to the core database are uncovered during the corporate system studies, the total time-line may be affected.
- AWWC will strive to maintain the scope of the project by challenging all non-essential change.
- AWWC has sufficient resources to perform responsibilities as outlined in organization charts.
- An empowered, 100% dedicated cross functional corporate core team will be available for the duration of the project. The team should include individuals with billing, credit and collections, customer service and information systems skills and should include individuals from each company. In addition, an Executive Project Manager with corporate authority to make expeditious decisions will be necessary.
- AWWC will provide a full time technical specialist for each site will be available to assist in data conversion efforts. This individual needs to be an expert in the EDIS file structure and layouts.
- AWWC team members and AWWC information systems personnel have adequate IBM AS/400 literacy in basic system operations to support project time-line.
- In order to maintain the aggressive time-line, key procedural decisions will be made within 48 hours.
- During Scoping Phase, AWWC will standardize and document processes across all companies.
- AWWC shall have adequate IBM AS/400 resources at each site.
- Conversion programming done initially for Pennsylvania will be reused for each EDIS site. (i.e. EDIS files from site to site are the same).
- Scoping Phase and all training will utilize a Graphical User Interface (GUI) environment.

Statement of Work

- All travel, meal and lodging expenses are in addition to the contract prices and will be billed as described in Exhibit D, Orcom Rate Structure.
- The existing GUI environment does not require modifications.
- AWWC will participate in Orcom's Extended Support Program as described in Exhibit A, General Terms and Conditions.
- Go-live phase constitutes AWWC producing bills ready to be mailed.
- Final conversion and go-live occurs after task 8.5 and prior to task 9.1.

Section IV. Phases with Associated Tasks, Responsibilities, Deliverables, Assumptions and Completion Criteria

Orcom has developed a Statement of Work including a detailed list of tasks to be performed by both Orcom and AWWC. The following is a summary outline of phases and associated tasks included as part of this Statement of Work. These tasks may be subject to change after the Scoping period.

1. Management Services
 - 1.1 Account Management
 - 1.2 Project Management
 - 1.3 Project Office
2. Scoping
 - 2.1 Corporate Pre-installation Planning
 - 2.2 Develop Technical Planning
 - 2.3 Model Office
 - 2.4 System Studies
 - 2.5 High-level Modification Specifications
3. Modification Definition
 - 3.1 Technical Modification Specifications
4. System Set-up
 - 4.1 Train AWWC Staff on Control File Setup
 - 4.2 Perform Corporate Standard Control File Setup
 - 4.3 Company Level Control File Setup
5. Conversion
 - 5.1 Provide Data Conversion Services
 - 5.2 Data Cleansing
 - 5.3 Perform Test and Final Data Conversions
6. Modifications Construction and Delivery
 - 6.1 Construct and Deliver Modifications
7. Acceptance Testing
 - 7.1 Perform Acceptance Tests

Statement of Work

8. Training

- 8.1 Core Group Training
- 8.2 Develop End-user Training Plan
- 8.3 Train AWWC Trainers
- 8.4 Development of End-user Training Materials
- 8.5 End-user Training

9. Support

- 9.1 Go-live Support
- 9.2 Follow Up Support

Individual tasks are comprised of eight parts.

Task Name	A short phrase which summarizes the main intent of the task.
Task Description	A description of the objective and expected outcome of the task.
Orcom Responsibilities	A list of specific activities to be carried out by the Orcom project team during execution of the task.
Orcom Deliverables	Actual documents, programs, data, etc. that will be provided by Orcom as a result of the task.
AWWC Responsibilities	A list of specific activities to be carried out by AWWC staff at no cost to Orcom during the execution of the task.
AWWC Deliverables	Actual documents, programs, data, etc. that will be provided by AWWC as the result of the task.
Assumptions	A statement or action accepted as true, which will impact the overall scope of this project.
Completion Criteria	When the criteria is met and work is finished on the task, the objective has been met.

Tasks identified as an AWWC responsibility are included. Both Orcom's and AWWC completion of tasks are predicated on the timely completion of applicable AWWC and Orcom responsibilities.

The following pages will present a detailed view of the proposed tasks.

Phase 1: Management Services:

Task 1.1 - Account Management

Task Description

Orcom will provide up to 2,500 hours of Account Management services for Task 1.1.

The Orcom Account Manager and the AWWC Executive Project Manager will be jointly responsible for overseeing the entire project, and will provide status reports to both Orcom and American Water Works management.

Orcom Responsibilities

- Provide input into long-term resource scheduling for the project.
- Maintain Executive-level account communication.
- Communicate overall project performance and project principles.
- Manage the scope of the contract and overall contract performance.
- Manage account team resources and commitments.
- Ensure overall system design and integration.
- Interface with operational Orcom scheduling.
- Coordinate project goals and operations with Project Managers.
- Maximize team productivity.
- Review/participate in project assurance meetings, when available.

Orcom Deliverables

- Weekly Corporate Status Reports to Project Office.
- Corporate Project Plan.

AWWC Responsibilities

- Assign an empowered Executive Project Manager at the Corporate Level to coordinate all project activities.
- Develop and manage a transition plan at each location which details transition from the existing CIS to the Orcom CIS.
- Develop and manage a communications plan for end-users, consumers and other interested parties.

AWWC Deliverables

- Transition Plan.
- Communications Plan.
- Weekly Corporate Status Reports to Project Office.

Assumptions

- AWWC Executive Project Manager is assigned by the start of the project.

Completion Criteria

- This task is complete upon expiration of allocated hours.

Task 1.2 - Project Management

Task Description

Orcom will provide up to 13,100 hours of Project Management services for Task 1.2.

Orcom and AWWC Project Managers will be assigned to this project to oversee the implementation of the CIS for each of the eight installations, and provide support and technical assistance during the implementation phase of the project. Further, the Project Managers will be responsible for developing and maintaining an implementation plan that reflects Orcom software applications will support corporate standard business practices as outlined by the Project Management Team.

Orcom Responsibilities

Other responsibilities of the Orcom Project Manager include:

- Jointly prepare project plan
 - Identify all project tasks
 - Identify critical path activities
 - Identify primary schedule checkpoints
 - Identify resource requirements
 - Identify roles and responsibilities
- Manage day-to-day project plan
 - Schedule and attend core team project meetings on-site
 - Schedule and lead project assurance meetings at Orcom
 - Initiate and coordinate task list
 - Manage the scheduled check points

Statement of Work

- Coordinate daily operation of project activities
 - Coordinate resource scheduling
 - Communicate project performance
 - Identify and resolve critical issues
 - Assure that project tasks are successfully completed

Orcom Deliverables

- Weekly Status Reports to Project Office, to be included for Corporate Status Report.
- Company Project Plans.

AWWC Responsibilities

- Assign a Project Manager at each company level to coordinate all project activities.
- Provide Orcom Project Manager with site background information to include telephone directory, organization charts, rate schedules, all currently printed forms, process and procedure manuals, collection processes.

AWWC Deliverables

- Site background information document.
- Weekly Status Reports to Project Office, to be included for Corporate Status Report.

Assumptions

- Project Managers for each site will be identified one month prior to start of implementation activities for each site.

Completion Criteria

- When the last task in the Statement of Work has been completed or when the allocated hours have expired.

Task 1.3 - Project Office

Task Description

The Project Office is a business process designed to facilitate teamwork and increase communication and efficiency for all project team members. It provides a method for executive reporting, audit control, process standardization, tracking cost containment, tracking resources, maintaining the project plan and facilitating the PCR process. The Corporate Core Group will act as the Project Office and report to the Orcom Account Manager and the Executive Project Manager.

A Project Office will be set-up at the corporate level and later at each individual company during the implementation. The Project Office is the point of contact for the CIS Project Plan, work papers, interim work products, project files, standards, deliverables, and financial records. Orcom and AWWC agree to jointly track and monitor project cost and schedules. The Project Office will be staffed by AWWC personnel. The Project Office staff will report to the CIS Project Management Team. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- Provide requirements for Project Office.

Orcom Deliverables

- Project Office requirements document.

AWWC Responsibilities

- Provide a manned Project Office with office automation equipment and business analyst/administrative support. This support will be responsible for all minutes of project meetings and dissemination of information.
- Provide Internet access to Orcom and AWWC project team.
- All personnel should be literate and fluent on Project Office tools.

AWWC Deliverables

- Fully functioning Project Office at both the corporate and company levels.

Statement of Work

Assumptions

- A Project Office will be available to the project team at both the corporate level and later at each individual company during implementation.
- Secured Project Office is available to project staff 7 days a week, 24 hours a day.
- Project Office will have voice mail, telephony, Internet access, personal computers and any appropriate computing equipment.

Completion Criteria

- This task is complete upon completion of the project.

Phase 2 - Scoping Period

Task 2.1 - Corporate Pre-installation Planning

Task Description

Orcom will provide up to 500 hours of pre-installation services for tasks 2.1 and 2.3.

During the corporate pre-installation planning stage various project preparation tasks are performed.

Orcom Responsibilities

- Provide format and guideline for pre-installation meetings.
- Assist in planning Kick Off Meeting.
- Assist in establishing Project Principles and Goals.
- Discuss Business Process Issues.
- Plan System Setup / Model Office.
- Develop System Studies Plan.
- Discuss Conversion Plan.
- Discuss Training Plan.
- Discuss On-Going Support Plan.
- Develop Initial Project Plan with Milestones, Dependencies and Time-line.

Orcom Deliverables

- Initial project plan.
- System Setup / Model Office Plan.
- System Studies Plan.

AWWC Responsibilities

- Identify American Water Works Core Team & Assign Responsibilities.
- Corporate Core Group Is Identified And Available.
- Provide Location For Pre-Installation Planning Meetings.
- Provide Appropriate Audio Visual Equipment.
- Have Project Office In Place With Administrative Support.
- Develop Communications Plan.
- Plan Kick Off Meeting.
- Establish Project Principles And Goals.
- Discuss Conversion Plan.
- Discuss Training Plan.
- Discuss On-Going Support Plan.
- Discuss Business Process Issues.

AWWC Deliverables

- None.

Assumptions

- AWWC has core group personnel, Project Office and other necessary components in place prior to start of pre-installation planning meetings.

Completion Criteria

- This task will be complete upon delivery of completed deliverables from pre-implementation meetings or when the allocated hours have expired.

Task 2.2 - Develop Technical Plan

Task Description

A detailed technical plan will be developed to ensure the AS/400 environments are correctly sized and are standard from site to site. In addition, this plan will detail Graphical User Interface (GUI) panel distribution strategy, security and printer configurations. This task and its completion criteria are the responsibility of AWWC.

Statement of Work

Orcom Responsibilities

- Provide target environment document for the each AS/400 site.
- Deliver version tapes.

Orcom Deliverables

- None.

AWWC Responsibilities

- All IBM AS/400 sites are RISC-based and have the same operating system environment.
- Provide input for target environment document.
- Each AS/400 site will be ready 30 days prior to software installation.
- GUI panel installation.
- Loading of version to test and production environments.
- CIS security maintenance.
- Set-up and maintenance of printers.
- Orcom to AWWC telephone communication charges.
- Development of a technical plan.

AWWC Deliverables

- None.

Assumptions

- IBM AS/400's are consistent from site to site.
- AWWC will manage version control on each AS/400.
- A test environment will be in place at each site.
- Other than state and local regulatory modifications, each site will have the same Mirror Pond software version.

Completion Criteria

- This task will be concluded upon completion of a technical plan which details IBM AS/400 upgrade strategies, version control management and test environment strategy.

Statement of Work

Task 2.3 - Model Office

Task Description

Install CIS software on the AS/400 at the model office.

Orcom Responsibilities

- Provide a copy of the CIS software with standard setup and test demonstration data at the model/project Office.
- Establish communications between the model office AS/400 and Orcom headquarters.

Orcom Deliverables

- CIS application software.
- CIS source and object code.
- CIS documentation.

AWWC Responsibilities

- Provide system operations for the AS/400.
- Provide technical assistance in establishing Orcom communications with the model office AS/400.
- Provide necessary computing equipment for completion of task.

AWWC Deliverables

- None.

Assumptions

- The AS/400 at the model office is appropriately sized for the CIS software and test demonstration files.
- The IBM licensed programs on the AS/400 will be the most current release level available.

Completion Criteria

- This task will be complete upon successful installation of CIS software and evident by successfully remotely logging on to AWWC AS/400.

Statement of Work

Task 2.4 - System Studies

Task Description

Orcom will provide up to 1,200 hours of System Studies services for Task 2.4 and 2.5 and 3.1.

Perform System Studies, comparing baseline Mirror Pond product to AWWC business processes. Studies to be completed:

1. Billing
2. Rates
3. Fixed Charges and Adjustments
4. Credit, Collections, Aging and Bad Debts
5. Cash Processing
6. Service Orders and Contact Management System
7. Meter Reading
8. Meter Inventory and Special Equipment
9. Reports
10. Customer/Accounts/Premises/Services Maintenance

Orcom Responsibilities

- Provide the System Study template to be used throughout the System Studies phase.
- Document the results of the System Studies and act as scribe for the System Studies.
- Provide two System Software Specialists per study to conduct the System Studies.

Orcom Deliverables

- System Studies template which defines content and description of System Studies.
- System Studies document.

AWWC Responsibilities

- Complete documentation of business processes for each company 30 days prior to the start of system studies, or provide functional area experts for each company to clarify business practices when necessary during the System Studies.
- Review and approve the System Studies prior to completion.

Statement of Work

AWWC Deliverables

- None.

Assumptions

- The AS/400 at the model office will be used during the System Studies.
- Orcom and AWWC will select a pilot implementation to be used as the base and the requirement document will be written to the specifications of the base.
- Participants from all eight companies will participate in scope and gap study.
- Current go-live is based on typical past implementation estimates and the proposed go-live dates will be validated at completion of scope stage. If necessary, at conclusion of the studies, Orcom will provide revised go-live dates.
- Mirror Pond Customer Information System will be used as the base-line in the System Studies.

Completion Criteria

- This task will be complete upon successful completion and documentation of the final system study, or when the allocated hours have expired.

Task 2.5 - High-level Modification Specifications

Task Description

Develop and document functional modification specifications that will be used to create rough estimates.

Orcom Responsibilities

- Develop and document functional modification specifications.
- Review specifications and provide high-level estimates.

Orcom Deliverables

- High-level modification specifications document and estimates.

Statement of Work

AWWC Responsibilities

- Approve or reject each high level modification specification.

AWWC Deliverables

- Written, approved list of high level modification specifications to proceed to technical modification stage.

Assumptions

- AWWC will expedite approval or rejection of modifications within five days of receipt of specifications document.

Completion Criteria

- This task will be complete upon delivery to AWWC of high-level modification specification document, and acceptance or rejection by AWWC.

Proposed Implementation

Company	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pennsylvania		12 months										
New England												
			9 months									
New Jersey												
			12 months									
West Virginia												
				9 months								
Indiana												
						9 months						
Illinois												
						9 months						
Region												
								12 months				
California												
								12 months				

Phase 3 - Modification Definitions

Task 3.1 - Technical Modification Specifications

Task Description

Develop and document detailed technical modification specifications and estimates.

Orcom Responsibilities

- Develop and document detailed technical modification specifications.
- Review specifications and provide detailed estimate.

Orcom Deliverables

- Detailed technical modification specification document and estimates.

AWWC Responsibilities

- Review and approve detailed technical modification specification prior to completion.
- Give final approval or rejection of detailed technical modifications.

AWWC Deliverables

- Written, approved list of detailed technical modification specifications.

Assumptions

- AWWC will expedite approval of detailed technical modifications within five days receipt of specifications document.

Completion Criteria

- This task will be complete upon delivery to AWWC of detailed technical modification specification document and acceptance or rejection by AWWC.

Phase 4 - System Setup

Task 4.1 - Train AWWC Staff on Control File Setup

Task Description

Orcom will provide 100 hours of System Set-up Services for Task 4.1.

Initial training will be provided to AWWC core group to facilitate setting up of CIS control files.

Orcom Responsibilities

- Provide Set-up personnel to train AWWC staff.

Orcom Deliverables

- None.

AWWC Responsibilities

- Assign necessary people to train and perform setup.
- Assign a Set-up Coordinator (corporate core group) at the corporate level to participate in and be responsible for the set-up stage at all installations. This person will be on-site at each installation during software set-up.

AWWC Deliverables

- None.

Assumptions

- AWWC will have necessary resources available.

Completion Criteria

- This task is complete upon completion of training for control files, or when the allocated hours have expired.

Task 4.2 - Perform Corporate Standard Control File Set-up

Task Description

Orcom will provide up to 700 hours of System Set-up Services for Task 4.2.

Standardize control files across all companies.

Orcom Responsibilities

- Will be available to answer questions on an as needed basis.

Orcom Deliverables

- None.

AWWC Responsibilities

- Enter necessary control file data.
- Maintain a control file change log showing why settings have changed.
- Document decisions made during loading of control files.

AWWC Deliverables

- Control file change log and document of decisions made.

Assumptions

- None.

Completion Criteria

- This task will be complete upon initial set-up of control files to corporate standards, or when the allocated hours have expired.

Task 4.3 - Company Level Control File Set-up

Task Description

AWWC staff will configure control file set-up for each site installation as necessary. Due to PUC and state specific requirements, some control files may be changed from state to state. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- Project Manager will be available to answer questions on an as needed basis.

Orcom Deliverables

- None.

AWWC Responsibilities

- Will enter necessary control file data.
- Maintain a control file change log showing why settings are changed.

AWWC Deliverables

- Control file change log.

Assumptions

- None.

Completion Criteria

- This task will be complete upon initial set-up of control files to each companies standards.

Phase 5 - Conversion

Task 5.1 - Provide Data Conversion Services

Task Description

Orcom will provide up to 4,000 hours of conversion services for Task 5.1.

Services to be provided include electronic data conversion, consulting and conversion programming.

Orcom Responsibilities

- Assist in development of conversion plan.
- Provide a lead conversion programmer.
- Assist in data mapping.
- Write and test initial conversion from EDIS.
- Provide conversion source document.
- Install Data Mapping tool.

Orcom Deliverables

- Conversion program for EDIS master and ledger files.

AWWC Responsibilities

- Develop and maintain conversion plan.
- Write and maintain conversion document.
- Provide knowledgeable technical personnel to lead data mapping process.
- Assign a corporate conversion expert to participate in all phases of conversion throughout the entire project.
- Responsible for running and testing conversion data at remaining EDIS sites.
- Create applicable test case scenarios, generate results, perform tests, and set up test environment.
- Acceptance of converted data.
- Assist in all other conversion tasks.

AWWC Deliverables

- Conversion plan.
- Sign off on converted data.
- Accurate EDIS file layouts.

Statement of Work

Assumptions

- Test and final conversions will be run prior to go-live.
- Corporate conversion expert will participate in go-live phase of projects.
- Conversion done for Pennsylvania can be re-used at other sites without modification.
- Conversion expert has access to and knowledge of current file layouts and can verify data integrity.

Completion Criteria

- This task is complete upon acceptance of test conversion, or when the allocated hours have expired.

Task 5.2 - Data Cleansing

Task Description

Data cleansing is the process of establishing valid data for the data conversion data base load process. Data which does not conform to the defined editing, validation and conversion criteria will be provided to AWWC via reports for manual correction. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- None.

Orcom Deliverables

- None.

AWWC Responsibilities

- Perform data cleansing prior to final conversion.

AWWC Deliverables

- Clean data prior to conversion.

Assumptions

- Data cleansing will occur and be performed by AWWC personnel.
- Data cleansing can be accomplished within project timeline.

Completion Criteria

- This task will be complete upon acceptance by Orcom that data is cleansed and ready for use by conversion team.

Phase 6 - Modification Construction and Delivery

Task 6.1 - Construct and Deliver Modifications

Task Description

Orcom will provide up to 3,000 hours of corporate modification conversion services, 500 hours of site-specific modification services and 500 hours of interface modifications, for a total of 4,000 hours for Task 6.1.

Orcom will provide modification design, coding, and documenting services. Modifications are defined as common corporate, site-specific or interfaces. They will be categorized as either Phase 1 or Phase 2 modifications. Phase 1 modifications will be implemented prior to go-live and Phase 2 modifications will be implemented after go-live.

Orcom Responsibilities

- Design, code, test, document and deliver approved modifications as referenced in System Studies document.

Orcom Deliverables

- Accepted modifications.
- Applicable source and object code.
- Applicable documentation.
- Applicable GUI panels.

AWWC Responsibilities

- Test and accept delivered modifications.
- Track issues relating to modifications.
- Transmitted modifications will be tested within 7 days of delivery to AWWC.

AWWC Deliverables

- Modification issue log.

Statement of Work

Assumptions

- Modifications are classified in three functional areas:
 1. Common corporate modifications
 2. Site specific modifications (State PUC Specific)
 3. Interfaces including AP and GL interface
- AWWC has approved final specifications.
- Additional modifications that come up will be considered change requests and outside the Statement of Work.
- All modifications will reside in the base code and will be installed at all sites in order to maintain version control.
- Bill print program, service order print program and reports will be the same from site to site.
- Interfaces will be the same from site to site.

Completion Criteria

- This task will be complete upon delivery by Orcom of accepted Phase 1 and Phase 2 modifications, or when the allocated hours have expired.

Phase 7 - Acceptance Testing

Task 7.1 - Perform Acceptance Tests

Task Description

Acceptance Testing is the demonstration that the programs which have implemented the approved JR's and PCR's achieve the results specified in the Acceptance Test plan. This task and its completion criteria are the responsibility of AWWC, and is a dependent task to proceeding to go-live phase.

Orcom Responsibilities

- Provide sample test scripts.

Orcom Deliverables

- Sample test scripts.

AWWC Responsibilities

- Acceptance testing of converted database and modifications.
- Track resolution of acceptance tests.
- Set-up scripts for use in acceptance testing process.
- Environment to model scripts - set up test database.

AWWC Deliverables

- Acceptance test log.
- Acceptance test plan.

Assumptions

- Acceptance testing plan will be the corporate plan and will be replicated at each site.

Completion Criteria

- The test plan has been successfully implemented.

Statement of Work

Phase 8 - Training

Task 8.1 - Core Group Training

Task Description

Orcom will provide up to 600 hours of core group training services for Task 8.1.

Train core team on standard software using Orcom certification process. Core team will reach level 1 certification by the end of this task. Level 1 certification is training from a user's perspective i.e.; how to be a CIS user

Orcom Responsibilities

- Perform core training with 2 system personnel on 13 different training modules. Please refer to task 8.3 for description of training modules.

Orcom Deliverables

- All core group training materials used.

AWWC Responsibilities

- Core team to attend all core training sessions.
- Document issues raised during core group training.
- Assign a training coordinator (from core group) at the corporate level to handle and disseminate all information relating to training. This person will report to the Orcom Account Manager on a weekly basis for each installation. This person will be on-site at each installation during each training phase.

AWWC Deliverables

- Training issue log.
- Weekly training status report.

Assumptions

- Core team will have attended CIS classes offered in Bend, Oregon: CSR Functions and Preparation for Mirror Pond, the cost of which are not included in our proposal.

Completion Criteria

- This task will be concluded upon completion of identified training modules and achievement of level 1 certification for core group members or depletion of training hours, or when the allocated hours have expired.

Task 8.2 - Develop End-user Training Plan

Task Description

Development of an end-user training plan at both the corporate and company levels. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- None.

Orcom Deliverables

- None.

AWWC Responsibilities

- Provide training coordinator to develop and maintain training plan.
- Determine all end-users to be trained and categorize by functional area.
- Determine which modules each category of end-user will be trained on.

AWWC Deliverables

- End-user training plan.

Assumptions

- AWWC training coordinator will work closely with the project management team to ensure timely implementation.

Completion Criteria

- This task will be concluded upon completion of both a corporate and a company level training plan.

Task 8.3 - Train AWWC Trainers

Task Description

Orcom will provide up to 1,200 hours of Train the Trainer services for Task 8.3. Upon completion of this task, or expiration of hours, trainers will reach level 1 certification. Level 1 certification is training from a user's perspective i.e.; how to be a CIS user. Training will be accomplished using a modular approach. The modules to be trained on include:

Module 1 - Foundation & Overview

Sections:

- A. Search & Locate Customer/Account Information
- B. Billing History
- C. Review Service Order History
- D. Review Customer Contact History
- E. Basic Inquiry Screens (to be defined)

Module 2 - Basic Customer Service I

Sections:

- A. Review
- B. Introduction to Customer Contact
 - Name Changes, Comments, Letters, Investigation
- C. Basic Service Orders
 - Connecting, Disconnecting, Re-reads, Meter Change-outs, etc.
- D. Modifying Service Orders
 - Delete/Cancel and Changing Schedule Dates

Module 3 - Basic Customer Service II

Sections:

- A. Review
- B. Creating New Customers
- C. Creating New Premises
- D. Deposits
 - Automatic, Letter of Guarantee, Equifax
- E. Fixed Charges
 - Fixed Charges in Error
- F. Contracts
- G. Budget Customers
- H. EFT Customers

Module 4 - Completing Service Orders

Sections:

- A. Review
- B. Completing Service Orders
 - Reads, Read Dates, Connect & Disconnect Dates
- C. Customer/Account Maintenance
 - Special Handling Codes
- D. Premise Maintenance
 - District Code, Dwelling Codes and Units
- E. Services Maintenance
 - Dials, Multiplier, Meter Notes
- F. Miscellaneous Charges
 - Connect, Reconnect Fees, Tampering

Module 5 - Cash Processing

Sections:

- A. Review
- B. Data Capture (Remittance) Batch Entry
- C. Manual (Counter) Entry
- D. Returned Checks
- E. Miscellaneous Receipts (Misapplied Payments)
- F. Transfer payments
- G. Intermediate and Final Posting

Module 6 - Meter Inventory

Sections:

- A. Review
- B. Adding New Meters and Other Equipment
- C. Adding History Records
 - Install, Test, Remove, etc.
- D. Retire Inventory
- E. Meter Maintenance

Module 7 - Meter Reading

Sections:

- A. Review
- B. Download Process
- C. Upload Process
- D. Meter Reading On-Line Work Queue
 - Exceptions
- E. Self-Reads
- F. Changing reads prior to billing
- G. Changing routes and stops
- H. Estimation routine
- I. Posting

Module 8 - Billing

Sections:

- A. Review
- B. Rate Schedule Maintenance
- C. Selecting Accounts for Billing
- D. On-Line Work Queue for Exceptions
- E. Printing Bills
 - Print order, opening, closing bills
- F. Posting bills to accounts
- G. Cancel/Rebill

Module 9 - Billing Adjustments

Sections:

- A. Review
- B. Deposit Maintenance (Also in Customer Service)
- C. Credit Adjustments
 - Waiving fees, late charges, usage adjustments
- D. Debit Adjustments
 - Reconnect Charges, usage adjustments
- E. Rate Schedules Changes on accounts
- F. Taxes Maintenance
- G. Customer/Account/Premises/Services Maintenance (Also in Customer Service)
 - Special Handling Codes, Bill Copies, SIC Codes, Dwelling Units

Statement of Work

Module 10 - Credit & Collections I

Sections:

- A. Review
- B. Friendly Notice (Delinquent) Processing
- C. Disconnect Notice (Final) Processing
- D. Order to Disconnect File Creation and Review
- E. Accelerating Collection Process for Selected Customers
- F. Waiving Late Fees
- G. Promise to Pay

Module 11 - Credit & Collections II

Sections:

- A. Review
- B. Reviewing Collections Records
 - Current and past collection activities
- C. Reviewing Credit History and Comments
- D. Payment Terms
- E. Budget Customers
- F. Aging Reports
- G. Bad Debts
 - No write off of renumbered accounts

Module 12 - Financial and Statistical Reports

Sections:

- A. Review
- B. Aging Reports (Also in Credit/Collections)
- C. Daily Financial Reports (Sales Journal, Cash Receipts)
- D. Monthly Reports
- E. Yearly Reports
- F. Report Balancing

Module 13 - Ad-Hoc Reporting

Sections:

- A. Review
- B. Query

Orcom Responsibilities

- Provide instructors for up to 13 classes, one class for each module, for a total of 13 classes which can accommodate up to 10 students.

Orcom Deliverables

- Standard training modules used.

Statement of Work

AWWC Responsibilities

- Trainers will attend all sessions of training.

AWWC Deliverables

- None.

Assumptions

- AWWC Training staff is motivated toward the success of the implementation.
- Trainers are available and dedicated to specific time-frame of modules and have adequate time to perform their training responsibilities.
- Trainers will be on-site to support end-users during go-live phase.
- Problems in training, methods and procedures will be documented and communicated to the project office.
- AWWC Trainers will learn all aspects of the CIS system, including CSR activities, billing activities, credit and collections, cashiering and meter reading.
- Trainers will have excellent interpersonal skills and have demonstrated the ability to train.
- Trainers are familiar with business processes and procedures of AWWC.

Completion Criteria

- This task will be complete upon completion of training modules 1 -13 identified above, or when the allocated hours have expired.

Task 8.4 - Development of End-user Training Materials

Task Description

Development of customized end-user training materials enhances the training process and provides a method of training on the new CIS while utilizing existing or modified procedures and business processes. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- Orcom Project Manager will be available to answer questions on an as needed basis.

Statement of Work

Orcom Deliverables

- None.

AWWC Responsibilities

- Develop all customized training materials.

AWWC Deliverables

- Customized end-user training materials.

Assumptions

- Resources are available to develop materials (staff, software, printers, etc.).
- Customized training materials are complete prior to the start of end-user training.

Completion Criteria

- This task will be completed upon delivery to the end-users of customized training material document.

Task 8.5 - End-user Training

Task Description

Perform end-user training for individuals identified as needing training. This task and its completion criteria are the responsibility of AWWC.

Orcom Responsibilities

- None.

Orcom Deliverables

- None.

AWWC Responsibilities

- Schedule users for end-user training.
- Perform all end-user training.

Statement of Work

AWWC Deliverables

- None.

Assumptions

- Trainers will be committed and available for each training phase for each site.
- Problems in training, methods and procedures will be documented and communicated in the appropriate manner.

Completion Criteria

- This task will be complete upon completion of all initial scheduled training by AWWC.

Statement of Work

Phase 9 - Support

Task 9.1 - Go-live Support

Task Description

Orcom will provide up to 2,400 hours of go-live support services for Task 9.1.

Provide Software Specialist support during the two weeks of implementation for each site.

Orcom Responsibilities

- Orcom personnel will be available for go-live assistance.
- Review system operations and suggest resolutions to system exceptions and improvements in operations procedures.
- Identify and resolve application exceptions.
- Conduct informal training session to cover topics of concern.

Orcom Deliverables

- None.

AWWC Responsibilities

- Implement communications plan which provides sufficient communications to employees and customers announcing new system and go-live date.
- Help desk will be set up and staffed.
- Utilize system as per training specifications/documentation.
- Go/No Go decision will be made 30 days prior to go-live.

AWWC Deliverables

- None.

Statement of Work

Assumptions

- AWWC core team members are available through one billing period.
- No core team members will be on vacation during go-live activities.
- Corporate core team will be on-site for each go-live.
- Site technical infrastructure will be ready as outlined in technical plan.
- AWWC corporate technical / systems person will be on site for each go-live.
- End-users will be trained prior to go-live.
- Final conversion will be run and accepted.

Completion Criteria

- When the allocated hours have expired.

Task 9.2 - Follow-up Support

Task Description

Orcom will provide up to 500 hours of follow-up support services for Task 9.2.

Provide follow-up support as needed. In addition to Orcom's Extended Support Program, we will provide follow-up support services.

Orcom Responsibilities

- Review key processes with AWWC core teams and suggest improvements.

Orcom Deliverables

- None.

AWWC Responsibilities

- Inform Orcom in writing of problems as outlined in Orcom's Extended Support Program.
- Participate in Orcom's Extended Support Program.

Statement of Work

AWWC Deliverables

- Problem and documented guideline resolution document.

Assumptions

- AWWC will provide follow-up support/training for the remaining sites.

Completion Criteria

- When the allocated hours have expired.

Section V. Change Management Description

A change in scope includes an activity or event which impacts internal or external specifications, budgets, schedule or staffing as reflected in the Project Plan. Change Management procedures ensure that all variances from the original agreement are justified and approved by the AWWC Executive Project Manager. Change Management procedures document the justification and/or prudence of implementing the change.

There are two basic types of changes covered by the Change Management procedure; Job Requests (JR's) and Project Change Requests (PCR's).

A JR documents the customization needed to deliver functionality of the CIS scope definition resulting from Scoping Phase activities, within the 4,000 hour limit and any approved expansion of scope beyond the 4,000 hours. A PCR identifies alterations in the original scope of the project as defined in this Statement of Work.

A formal process will be established for JR's and PCR's that implements the concepts presented below. The process provides for mutual consent to scope and customization changes and the corresponding impact on scope, budgets, schedules and staffing.

The Project Office will be responsible for implementing the procedures, forms and control logs that initiate and track the status of all PCR's and JR's.

1. Job Request (JR)

The Job Request (JR) will be used to record and control all CIS changes proposed during the Scoping Phase. Any project member may initiate a JR. The primary purpose of the JR is to document, communicate and estimate the impact of proposed changes that alter documented, agreed upon concepts, work products or delivered components of the CIS System.

JR's will be submitted to the Project Management Team who will accept or reject all JR's throughout the Scoping Phase.

At the conclusion of the Scoping Phase, the AWWC Core Group will recommend to the Project Management Team the JR's that should be implemented in the AWWC CIS. All JR's must be acted upon (approved or rejected) by the completion of the Scoping Phase.

The JR will include a description of the proposed change and the business requirement for the change. The Project Office will maintain responsibility for controlling and filing all JR's.

2. Project Change Requests (PCR)

Project Change Requests are by definition a change in the authorized scope and are therefore not included in the cost of the project. Any project team member may initiate a PCR with the approval of their immediate team leader when they believe that a project scope change is warranted. Each PCR will be estimated, tracked and billed separately at agreed upon time and material rates. Work on approved PCR's will occur at the conclusion of the Implementation Phase unless otherwise agreed to by Orcom and AWWC. PCR's that are approved for implementation shall be considered amendments to the contract and therefore subject to the same terms and conditions as govern the Project unless otherwise agreed to by the parties.

The AWWC Project Manager Team must act on submitted PCR's within ten (10) business days. PCR's that have not been acted upon within the requisite time period will be deemed rejected.

When accepted by AWWC Management for Implementation, the Project Management Team will establish a separate project plan to manage and track tasks, schedules and costs for the PCR implementation.

Section VI. Attachments

Following is the Proposed Implementation Chart, as well as a sample System Study document.

EXHIBIT F --

Addendum to Agreement

Add:

1. DEFINITION OF TERMS

1.8 "Go-live" means the Orcom Customer Information System is installed and being used in a production environment and bills are being produced.

Change:

2.1 LICENSE OF THE SOFTWARE

Orcom Systems hereby grants to Client a perpetual, nontransferable, nonexclusive license to:

To Read:

2.1 LICENSE OF THE SOFTWARE

Orcom Systems hereby grants to Client a perpetual, irrevocable, nontransferable, nonexclusive license to:

Change:

2.1.5 Source Code. The current version of the Orcom source and object code shall be provided to Client.

To Read:

2.1.5 Source Code. The current version of the Orcom source and object code shall be provided to Client. Updates to the source and object code shall be provided to Client with Software Updates.

Addendum to Agreement

Change:

2.2.3 Client shall not sublicense, sell or otherwise transfer the Software or Documentation, in any form, to any third party without obtaining the prior written consent of Orcom.

To Read:

2.2.3 Client shall not sublicense, sell or otherwise transfer the Software or Documentation, in any form, to any third party without obtaining the prior written consent of Orcom, other than to its affiliated companies for use as contemplated by this Agreement.

Change:

2.4. PATENTS/COPYRIGHTS

Orcom, at its expense, will defend Client against and hold it harmless from any claim that the Orcom Software or Documentation infringes upon any copyright or patent. This indemnification is contingent upon: (a) Client giving Orcom prompt notice of the claim; (b) Orcom having control over the defense and settlement of the claim; (c) Client providing such assistance in defense and settlement of the claim as Orcom may reasonably request; and (d) Client complying with any court order or settlement resulting from the claim. This indemnification shall only apply to the Orcom Software outlined in Exhibit B.

Addendum to Agreement

To Read:

2.4 PATENTS/COPYRIGHTS

Orcom, at its expense, will defend Client against and hold it harmless from any claim that the Orcom Software or Documentation infringes upon any copyright, patent, trademark, tradeseecret or any other intellectual property right of a third party. This indemnification is contingent upon: (a) Client giving Orcom prompt notice of the claim; (b) Orcom having control over the defense and settlement of the claim; (c) Client providing such assistance in defense and settlement of the claim as Orcom may reasonably request; and (d) Client complying with any court order or settlement resulting from the claim. Failure to provide prompt notice as required by 2.4(a) shall not diminish Orcom's indemnification obligation except to the extent that Orcom can prove it was prejudiced by such failure.

In the event the Orcom Software, or any part thereof, is held to infringe, or is believed by Orcom to infringe, Orcom shall have the option at its expense, to (1) modify the Orcom Software to be noninfringing or (2) obtain for Client a license to continue using the Orcom Software. If neither of these options is commercially practicable, Orcom may terminate the license for the infringing Orcom Software and refund the license fees shown in Exhibit B for the Orcom Software. This section 2.4 state Orcom's entire liability and Client's exclusive remedy for infringement. This indemnification shall only apply to the Orcom Software outlined in Exhibit B.

Addendum to Agreement

Change:

2.5.1 SOFTWARE FUNCTIONS. Orcom warrants that the Orcom Software will substantially perform all functions specified in its currently published Documentation.

To Read:

2.5.1 SOFTWARE FUNCTIONS. Orcom warrants that the Orcom Software will substantially perform all functions specified in its currently published Documentation and the Client Request for Proposal dated October 96, 1995.

All Software Modules will have the same attributes and will perform the functions listed in Exhibit B in the manner described in that Exhibit.

To the best of Orcom's knowledge and belief the Orcom Software is free of all computer viruses, copy protect mechanisms or any other features which may disable them or render them incapable of operation.

Change:

2.5.2 REMEDY. In the event that the Orcom Software fails to perform as warranted under paragraph 2.5.1, Client's sole and exclusive remedy shall be correction by Orcom within a reasonable time of all documented errors.

Addendum to Agreement

To Read:

2.5.2 REMEDY. Client shall have the right to return the Orcom Software to Orcom and receive a refund of all moneys paid for Orcom Software licenses, less the 10% down payment referred to in 2.6.1, during the ninety day period commencing on the day Pennsylvania American Water (or the first installation) "goes live". If the client intends to exercise this option, client must notify Orcom of its intent to return the Orcom Software and shall not apply to any other moneys paid or obligations incurred. The refund period of ninety days is for ninety continuous calendar days inclusive of weekends and holidays.

Change:

2.6 SOFTWARE LICENSE PAYMENT TERMS

2.6.1 Upon execution of this Agreement, Client shall pay Orcom fifty percent (50%) of the total Orcom Software price specified in Exhibit B.

2.6.2 An additional thirty-five percent (35%) of the total Orcom Software price shall be due and payable upon delivery of the Orcom Software and Documentation to Client.

2.6.3 The remaining fifteen percent (15%) of the price of each Orcom Software Module shall be due and payable thirty (30) days after an Orcom Software Module is being actively used on Client's IBM AS/400.

To Read:

2.6 SOFTWARE LICENSE PAYMENT TERMS

2.6.1 Upon execution of this Agreement, Client shall pay Orcom ten percent (10%) of the total Orcom Software price specified in Exhibit B. This payment shall be non-refundable.

Addendum to Agreement

2.6.2 An additional forty percent (40%) of the total Orcom Software price shall be due and payable upon acceptance of the System Study plan outlined in the Statement of Work.

2.6.3 An additional fifteen percent (15%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for Pennsylvania American Water or the first installation.

2.6.4 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for New England American Water or the second installation.

2.6.5 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for New Jersey American Water or the third installation.

2.6.6 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for West Virginia American Water or the fourth installation.

2.6.7 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for Indiana American Water or the fifth installation.

2.6.8 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for Illinois American Water or the sixth installation.

2.6.9 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for The Region or the seventh installation.

2.6.10 An additional five percent (5%) of the price of each Orcom Software Module shall be due and payable upon "go-live" for California American Water or the eighth installation.

2.6.11 In the event Client does not install Orcom Software at one or more of the eight installations, any remaining payments listed in 2.6.4 through 2.6.10 shall be due and payable no later than three years from the date of this agreement.

EXHIBIT F --

Addendum to Agreement

Change:

5.3 EXTENDED SUPPORT PAYMENT TERMS AND COST

Payment terms for Extended Support are as follows:

5.3.1 The first monthly payment for Extended Support shall be due and payable on the first day of the month after delivery of the Software and Documentation.

To Read:

5.3 EXTENDED SUPPORT PAYMENT TERMS AND COST

Payment terms for Extended Support are as follows:

5.3.1 The first payment for Extended Support shall be due and payable on the first day of the month after "go-live" for each of the eight installations. Each installations Extended Support payment obligation shall be determined by dividing the number of customers for each installation by the total number of customers for the Client. The percentages used to determine each installations Extended Support obligation are as follows:

Installation	Percentage
Pennsylvania	28%
New England	3%
New Jersey	17%
West Virginia	7%
Indiana	9%
Illinois	8%
Region	21%
California	7%

In the event Client does not install the Orcom Software at one or more of the eight installations, any remaining Extended Support shall be due and payable no later than three years from the date of this agreement.

EXHIBIT F --

Addendum to Agreement

Change:

5.3.5 Either party may discontinue Extended Support by providing thirty (30) days' advance written notice to the other.

To Read:

5.3.5 Either party may discontinue Extended Support by providing ninety (90) days' advance written notice to the other.

Change:

5.2.6 Orcom reserves the right to charge reasonable upgrade fees for Software Version Updates.

To Read:

5.2.6 Orcom reserves the right to charge reasonable upgrade fees for Software Version Updates. Upgrade fees shall be no more than 50% of the then current list price if Client is participating in Orcom's Extended Support Program.

Add:

5.2.7 Orcom will support previous updates of the Orcom Software for the greater of two versions back or two years back from the date of the current update.

Add:

5.2.8 Orcom will support the Orcom Software on the IBM AS/400 for the greater of five years from the date of this agreement or so long as IBM continues to market the IBM AS/400.

Addendum to Agreement

Add:

6.1.5 All work performed by Orcom during the implementation phase will be performed in a workmanlike manner as described in the Orcom System Statement of Work for Customer Information System for American Water Works Service Company dated September 30, 1996.

Change:

6.3 RATE INCREASES

Orcom may change its rates as outlined on Exhibit D for Extended Support as described in Section 5 and for additional support services as described in this Section 6 upon thirty (30) days' written notice to Client. However, the rates will not be modified for Client for at least twelve (12) months after the date of this Agreement.

To Read:

6.3 RATE INCREASES

Orcom may change its rates as outlined on Exhibit D for Extended Support as described in Section 5 and for additional support services as described in this Section 6 upon thirty (30) days' written notice to Client. However, the rates will not be modified for Client for at least twelve (12) months after the date of this Agreement and will not increase by more than 5% per year.

Change:

9. ARBITRATION OF DISPUTES

Any controversy or claim arising out of or relating to this Agreement, other than controversies or claims related to Orcom's proprietary rights in the Software, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and the judgment upon the award by the arbitrator(s) may be entered in any court having jurisdiction.

Addendum to Agreement

To Read:

9. ARBITRATION OF DISPUTES

Any controversy or claim arising out of or relating to this Agreement, other than controversies or claims related to Orcom's proprietary rights in the Software, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association of Chicago Illinois, and the judgment upon the award by the arbitrator(s) may be entered in any court having jurisdiction. The decision of the American Arbitration Associations shall be binding and the hearing shall be held in Chicago, Illinois.

Change:

11. TAXES

The prices under this Agreement do not include any taxes, duties or other fees of any governmental entity having jurisdiction. Client shall pay all such taxes, duties and fees resulting from this Agreement.

To Read:

11. TAXES

The prices under this Agreement do not include any taxes, duties or other fees of any governmental entity having jurisdiction except for taxes on Orcom's income.

Change:

12. CONFIDENTIAL INFORMATION

Orcom shall use its best efforts not to use or to disclose to any other person any confidential information of the Client which Orcom has access to in connection with its performance under this Agreement. Confidential information is information that relates to Client's business affairs. This provision does not apply to information in the public domain.

EXHIBIT F --

Addendum to Agreement

To Read:

12. CONFIDENTIAL INFORMATION

Orcom shall use its best efforts not to use or to disclose to any other person any confidential information of the Client which Orcom has access to in connection with its performance under this Agreement. Confidential information is information that relates to Client's business affairs, technical information, or other proprietary information of Client which Client does not disclose to third parties without restriction and which includes any data on the Client's IBM AS/400's. This provision does not apply to information in the public domain, information developed by Orcom, information already known to Orcom or information Orcom must provide by a subpoena or other governmental process.

Change:

13. NONCOMPETE

Due to the confidential nature of Orcom business, Client shall not offer employment in any form or manner to any employee of Orcom either during current employment or for one year after termination of employment. Orcom shall not offer employment in any form or manner to any employee of Client either during current employment or for one year after termination of employment.

To Read:

13. NONCOMPETE

Client shall not offer employment in any form or manner to any employee of Orcom either during current employment or for one year after termination of employment. Orcom shall not offer employment in any form or manner to any employee of Client either during current employment or for one year after termination of employment unless approved by Client management.

Addendum to Agreement

Change:

14. ASSIGNMENT OF RIGHTS

Neither Orcom nor Client shall sell, assign or otherwise transfer their rights or obligations under this Agreement without the prior written consent of the other party.

To Read:

14. ASSIGNMENT OF RIGHTS

Neither Orcom nor Client shall sell, assign or otherwise transfer their rights or obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld.

EXHIBIT F --

Addendum to Agreement

Add:

17. BEST PRICE

Given the size of the Client and complexity of the project, Orcom has provided Client with the best overall price for the total Orcom Software listed in Exhibit B for a Client with 2,000,000 customers/accounts. In future transactions of contracts for only software and services within the United States, containing similar terms and conditions, Orcom will not charge a gas, electric, water utility or a utility with any combination of gas, electric or water with up to 2,000,000 customers/accounts less than \$1.19 per customer/account. This will remain in effect for two years from the date of this agreement. In the event Orcom provides to any other client the total Orcom software listed in Exhibit B at a price lower than \$1.19 per customer/account, the total Orcom Software price specified on Exhibit B shall be reduced on a price per customer/account basis to such lower amount. To the extent Client has then paid Orcom more than is then due at such reduced prices, Orcom shall promptly refund the excess to Client (The term price per customer/account used in this paragraph means the price stated for the total Orcom software, not including third party software, listed on Exhibit B divided by the maximum number of customers/accounts for Client for which a license is granted to use the software; for example, the license to Client for the total Orcom software is \$2,262,500, the maximum number of customers for which the license is granted at that price is 2,000,000, and the resulting price per customer/account is \$1.19).

Add:

18. FINANCIAL INTERFACES

The financial interface to JD Edwards (JDE) General Ledger and Accounts Payable Systems will be accomplished by using a single file to pass information between systems. From this file the JDE General Ledger can receive dollars from completed daily transactions by the Orcom distribution line. The JDE Accounts Payable will be able to receive customer refund information from the Customer Information System such as account name and address, amount of refund and the Orcom distribution line.

Services associated with providing the information to the interface file to the JDE systems will be billed at the rate defined in Exhibit D.

Addendum to Agreement

Add:

19. ACCOUNT MANAGEMENT, PROJECT MANAGEMENT, CONVERSION, SYSTEM SETUP & MODIFICATION IMPLEMENTATION SERVICES

Orcom will share a measure of risk with Client in the provision of services required to complete conversion, account management, project management, system setup and modification services. Upon completion of the Scoping Phase outlined under the assumptions in the Statement of Work, and delivery by Orcom of requested technical modification specifications and revised estimates for conversion, account management, project management and system setup, the following will apply:

1. If Orcom delivers a service in fewer hours than the number estimated in the technical specification or system studies document, then, in addition to the actual hours used, Client will remit to Orcom 50% of the difference between the estimated and actual hours, invoiced at the hourly rate identified in Exhibit D.
2. If Orcom exceeds the number of hours estimated in the technical specification or system studies document, Orcom agrees to invoice Client 50% of the overrun for the incremental portion, at the hourly rate identified in Exhibit D, in addition to the hours estimated in the specification.

Add:

20. SOFTWARE UPGRADE CHARGES

The above prices are based on 2,000,000 customers/accounts or less. In the event that Client grows beyond 2,000,000 customers/accounts, Orcom will charge a \$2.25 per customer/account upgrade fee. Upgrade fees will be payable in 100,000-customer/account increments and will only apply to customers/accounts acquired and owned by Client, not temporary service bureau (O & M) customers.

Orcom may change its upgrade fee upon thirty (30) days' written notice to Client. However, the upgrade fee will not be modified for Client for at least sixty (60) months after the date of this Agreement and will not increase by more than 10% per year.

CONSULTING SERVICES AGREEMENT

This Agreement ("Agreement") is entered into as of April 24, 2000 by and between Andersen Consulting LLP, an Illinois general partnership registered as a limited liability partnership with an office at Suite 2600, 133 Peachtree Street, N.E., Atlanta, GA ("Andersen Consulting") and American Water Works Service Company, a Delaware corporation with offices at 1025 Laurel Oak Road, Voorhees, New Jersey 08043 ("Client"). Andersen Consulting and Client are together referred to in this Agreement as the "Parties".

Background

Client is engaged in the business of coordinating and supplying services to the American Water System which is the largest investor-owned provider of water services in the United States serving approximately 10 million people in 23 states.

Andersen Consulting has substantial experience and expertise in successfully designing, developing and managing projects to enable its clients to provide consolidated call centers to serve their customers.

Client wishes to avail itself of the expertise and services of Andersen Consulting and Andersen Consulting wishes to provide such services to Client on the terms set forth below.

THEREFOR AND IN CONSIDERATION OF the premises and mutual agreements herein, Andersen Consulting and Client agree as follows.

1. Services.

1.1 Provision of Services. Andersen Consulting will design, develop and manage a project that will provide the Client and its utility affiliates with a Consolidated Customer Service Center (the "Center") that performs in accordance with standards selected by the Client from those proposed by Andersen Consulting during the first phase of the project. The appendix to this Agreement (the "Appendix") describes how Andersen Consulting will assist the Client in the creation of the Center (the "Project"). Unless otherwise agreed by Andersen Consulting and Client, all services will be performed at Client's premises. In the event of a conflict between any term of this Agreement and the Appendix, the terms of this Agreement will prevail.

1.2 Scope Changes. Changes to the scope of the services shall be made only in a writing executed by authorized representatives of Andersen Consulting and Client.

Andersen Consulting will have no obligation to commence work in connection with any change in the scope of services that the Appendix states may affect Andersen Consulting's fee until the fee and/or schedule impact of the change is agreed upon by the parties in writing. The foregoing notwithstanding, if Andersen Consulting, at the prior written request of Client, performs work that: (i) is not covered by an Appendix; or (ii) exceeds the scope of services defined in the applicable Appendix, then such work will be deemed services provided pursuant to this Agreement for which Client will compensate Andersen Consulting pursuant to Section 2.1.

1.3 Third Party Products. Andersen Consulting, through its affiliated entity Proquire LLC, will make available hardware and software purchase options for products offered by third parties that Client requires in connection with the Project. Client agrees to consider any bid submitted by Proquire LLC for such products, but Client may reject any such bid in its sole discretion without any liability to Andersen Consulting or Proquire LLC. If Client accepts any such bid, Andersen Consulting may invoice, collect, and receive from Client all sums that are or become due to Proquire LLC, including taxes and shipping charges, pursuant to the terms that Client accepts as part of that bid, and Andersen Consulting will remain responsible for Proquire LLC's performance under those terms.

2. Payment for Services and Expenses.

2.1 Fixed Fees and Expenses. Client will pay Andersen Consulting a fixed base fee and a fixed amount on account of its expenses as set forth in this Section.

2.1.1 Fixed, Base Fee. The fixed base amount will be an aggregate, maximum of \$3,899,500 payable in installments as indicated in the table in Section 2.1.3. Each installment will be due and payable on the last day of each calendar month during which this Agreement is in effect.

2.1.2 Fixed Expenses. Client will pay Andersen Consulting on account of its expenses a fixed amount for each month during each month and part thereof that this Agreement is in effect for up to the maximum shown in the table in Section 2.1.3. Client will pay Andersen Consulting, and Andersen Consulting will accept, that amount regardless of Andersen Consulting's actual expenses. Each such monthly payment on account of expenses will be paid at the same time as the payment of the Fixed, Base Fee under Section 2.1.1.

2.1.3 For the Avoidance of Doubt. The fixed fees referred to in Section 2.1.1 and the fixed expenses referred to in Section 2.1.2 are payable on the dates set forth below.

Fixed Fee	Fixed Expenses	Total	Payment Date
\$57,983	\$13,417	\$71,400	4/30/00
\$270,000	\$57,500	\$327,500	5/31/00
\$270,000	\$57,500	\$327,500	6/30/00
\$270,000	\$57,500	\$327,500	7/31/00
\$270,000	\$57,500	\$327,500	8/31/00
\$270,000	\$57,500	\$327,500	9/30/00
\$270,000	\$57,500	\$327,500	10/31/00
\$270,000	\$57,500	\$327,500	11/30/00
\$270,000	\$57,500	\$327,500	12/31/00
\$248,500	\$57,500	\$306,000	1/31/01
\$248,500	\$57,500	\$306,000	2/28/01
\$248,500	\$57,500	\$306,000	3/31/01
\$248,500	\$57,500	\$306,000	4/30/01
\$248,500	\$57,500	\$306,000	5/31/01
\$248,500	\$57,500	\$306,000	6/30/01
\$190,517	\$57,500	\$234,600 OK	7/31/01

\$ 3,899,500

SLB \$44,083 \$4,762,000

\$ 862,500 = (\$6,900,000 × 12.5%)

- 2.1.4 Business Integration Partnership Program. The amounts paid under Sections 2.1.1 and 2.1.2 do not cover any amounts that may be due to Andersen Consulting or Proquire LLC as a result of the acceptance by Client of any bid or offer made to it by Proquire LLC in accordance with section 1.3.
- 2.1.5 Changes in Fixed Amounts. No changes in the scope of, or other matters affecting, the Project will change the fee or expense amounts specified in Sections 2.1.1 and 2.1.2 except as specifically noted in the chart in the Appendix under the heading "Framework For The Changes To The Terms Of The Arrangement". If an event identified in that chart occurs, the Parties will discuss the impact on Andersen Consulting's fees and expenses. However, only the Client in its sole discretion will determine whether any such event identified in the first column of that chart will occur or has occurred. If the Client makes that determination, and as a result any such event occurs, the adjustments shown in the column of that chart under the heading "Effect On Base Amount" (and only those

adjustments) will be made to the fixed amounts due under Sections 2.1.1 and 2.1.2.

- 2.1.6 Delays. The attachment to the Appendix specifies that the following deliverables will be completed at the following times: a detailed business case will be completed by the [60th calendar day] from the start of the Project, and a detailed blue print and build out plan for the Project will be completed by the [135th calendar day] from the start of the Project. The detailed blue print and build out plan for the Project will contain a detailed critical path with specified deliverable checkpoints for the remainder of the Project. If any of the first two deliverables, or any deliverable identified in the detailed blue print and build out as being a critical path checkpoint, has not been completed and delivered to the Client by the date on which a payment of fixed fees or expenses falls due, and such deliverable is then more than 30 days overdue, the Client may defer making that payment of fixed fees and expenses, and each subsequent payment of fees and expenses until the deliverable is completed as contemplated by the Appendix. As soon as it is so completed, Client will, within three days thereafter, make all payments that would have been made had that deliverable been completed on time.

2.2 Contingent Fee – General Principle. Client will pay Andersen Consulting a contingent, incentive fee if the Project achieves certain objectives, as determined and described in this Section. The three sentences immediately following this one contain a general statement of the principles that will determine whether a contingent fee will be paid, and, if so, how much it will be; that general statement is qualified by the specific description contained in the following subsections of this Section. In general, the amount of that fee, if any, will be determined by estimating, at the beginning of the Project, the five-year savings to the Client and its utility affiliates that will result from the Project and deducting from those savings the estimated total cost to the Client of completing the Project. The result will be compared with the corresponding actual savings and costs determined at two dates at the end of the Project. The incentive fee will be based on the difference between the estimated and actual net savings to the Client and its utility subsidiaries, multiplied by certain percentages.

- 2.2.1 Qualification for Contingent Fee; Definition of Assessment Dates. Whether a contingent fee will be payable, and its amount if it is payable, will be determined on the basis of benchmarks and standards determined early in the first phase of the Project and measured and determined again at two successive measurement dates at the end of the Project. As soon as the Center is fully functional for all of the Client's operating utility affiliates, a period of three, consecutive calendar months (the "Stabilization Period") will begin. The first day of the month that occurs immediately following that stabilization period is the first such

measurement date and is referred to in this Section as the "First Assessment Date". If the program standards referred to in Section 2.2.1.1 are met on the First Assessment Date, the second such date occurs 120 days after the First Assessment Date. If the program standards referred to in Section 2.2.1.1 are not met on the First Assessment Date, the second such measurement date occurs 120 days after those standards have been met. In either case, the second such measurement date is referred to in this Section as the "Second Assessment Date."

2.2.1.1 Program Standards. As more fully described in the Appendix, during the first phase of the Project the Client will select performance standards from those proposed by Andersen Consulting that, in Andersen's reasonable judgment, would place the resulting Center in the top quartile of comparable customer service centers. The determination of these standards will also include a written statement of the methodology by which the performance standards were derived and measured. That written statement and methodology will also describe how the Parties will determine whether the Center produced by the Project meets those standards on the First and Second Assessment Dates.

*Insert
"Standards"
In Appendix*

2.2.1.2 Determination of Qualification For Contingent Fee. If, according to the methodology referred to in Section 2.2.1.1, the Center meets the standards referred to in that Section on the First and on the Second Assessment Dates, or only on the Second Assessment Date, Andersen Consulting will be entitled to the contingent, incentive fee that results from the calculation made in accordance with the following subsections. If the Center does not meet these standards on the Second Assessment Date, there shall be a period ("cure period") of no longer than three months from the Second Assessment Date during which time Andersen Consulting will have the opportunity to address performance issues in the Center. Client and Andersen Consulting may mutually agree to another assessment of performance at any time during such cure period. If the agreed upon performance criteria are met on such mutually selected assessment date or, if no such date is chosen, at the end of the cure period, Andersen Consulting will be entitled to a contingent incentive fee as stated above. If at the end of the cure period, the Center is not performing at the target standards, Andersen Consulting will not be entitled to a contingent incentive fee.

2.2.2 Determination of Amount of Contingent Fee. If Andersen Consulting qualifies for a contingent fee, that fee will be determined in accordance with this Section, based on the tests described in this Section. An example of the calculation of the Contingent fee, based on hypothetical amounts, is included as one of the attachments to the Appendix.

2.2.2.1 Benchmark Survey. Early in the first phase of the Project the Parties will conduct a study to determine the current, annual cost of conducting the customer service operations of all of the Client's utility affiliates. That survey will identify in writing the methodology it uses and the variables it measures in arriving at its results. The resulting annual cost will be used as the benchmark against which cost savings produced by the Project will be measured and is referred to in this Agreement as the "Benchmark Cost". As part of the methodology for determining the Benchmark Cost, the Project team will clearly identify the scope of costs included and excluded from the calculation. As a general principle, the Benchmark Cost will include only those cost items related to the consolidation of customer service. For example, the Parties do not intend that the cost of meter readers should be included because that cost will be incurred without regard to a centralized call center. However, the cost of dispatches, including those that remain at decentralized call centers, would be included because the function is integrally related to call center operation.

2.2.2.2 Business Case Estimates. During the first phase of the Project the Parties will also construct a detailed business case that will assess the prospective annual savings that the Client and its utility affiliates may reasonably expect to achieve by operating the Center. The Parties will make that assessment by estimating the prospective annual cost of operating the Center on the First Assessment Date. The Parties will estimate that prospective annual cost using the same methodology and accounting principles that were used in determining the Benchmark Cost. That estimated, prospective annual cost is then subtracted from the Benchmark Cost; the resulting difference is referred to in this Agreement as the "Estimated Annual Savings Amount." During the first phase the parties will also estimate the total of all costs of every kind that the Client and its utility affiliates will incur directly to make the transition from their customer service center operations to the Center. These costs will include all fees paid to Andersen Consulting, including the contingent fee referred to in

Section 2.2 of this Agreement. The total of these costs is referred to as the "Estimated Project Cost." The Estimated Annual Saving Amount is then multiplied by a factor of five to project the annual operating cost savings over a five-year period and the resulting amount is then reduced by the Estimated Project Cost. The resulting amount is the "Estimated Net Benefit" of the Project and is used in the calculation referred to in the table in Section 2.2.2.3 below.

2.2.2.3 Calculation of Incentive Fee At The First Assessment Date.

Before, but as close as possible to, the First Assessment Date the Parties will determine the Client's actual, annual cost of conducting the consolidated customer service operation produced by the Project (the "Actual Final Cost") as of the First Assessment Date. The Parties will determine the Actual Final cost using the same methodology and accounting principles that were used in determining the Benchmark Cost. If the Benchmark Cost exceeds the Actual Final Cost, then the difference between the two is multiplied by a factor of five (5) to give the projected cost savings to the Client over a five-year period. The amount of that projected, five-year cost savings is then reduced by the aggregate amount of all costs of every kind that the Client determines that it and its utility affiliates have incurred, directly, in making the transition from the operation of their customer service centers as they were operated at the beginning of the Project to the Center that results from the Project. The amount so determined is the "Net Final Benefit Amount". These costs will include all fees paid to Andersen Consulting, including the contingent fee referred to in Section 2.2 of this Agreement. Parts of the Net Final Benefit Amount determined in accordance with the following table are then multiplied by percentages shown in the following table.

This percent	Is Applied To That Part of the Net Final Benefit Amount that lies between
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5%	0% and 60% of the Estimated Net Benefit
10%	60% and 110% of the Estimated Net Benefit
25%	110% and 120% of the Estimated Net Benefit
5%	120% and 200% of the Estimated Net Benefit

As a general principle, the Parties agree that the calculation of Net Final Benefit Amount will be based on an agreed upon definition of the scope of costs that will be applied uniformly and consistently in the determination of Benchmark Cost, Estimated Net Benefit, and Actual Final Cost, thus maintaining an accurate calculation and accounting of Net Final Benefit Amount.

2.2.2.4 Payment of the Incentive Fee Determined as of the First Assessment Date. Within 30 days of the First Assessment Date Client will pay Andersen Consulting an amount equal to 50% of the total of the amounts obtained by applying the percentages shown in the preceding table to the parts of the Final Benefit Amounts that lie between the percentages of the Net Benefit as shown in the preceding table.

2.2.2.5 Calculation of Incentive Fee at the Second Assessment Date. Before, but as close as possible to, the Second Assessment Date the Parties will determine the Actual Final Cost as of the Second Assessment Date for the year ending on the Second Assessment Date, but in all other respects the second determination of the Actual Final Cost will be made in the same manner as provided in Section 2.2.2.3. The Parties will, based on that Actual Final Cost, also determine the Net Final Benefit Amount in the same manner as provided in Section 2.2.2.3 and then multiply the portions of that Net Final Benefit Amount by the percentages as shown in the table in Section 2.2.2.3.

2.2.2.6 Payment or Refund of the Incentive Fee Determined as of the Second Assessment Date. If the amount determined by subtracting (a) the incentive fee payable pursuant to Section 2.2.2.4 ("Payment of the Incentive Fee Determined as of the First Assessment Date") from (b) the amount determined pursuant to Section 2.2.2.5 ("Calculation of Incentive Fee at the Second Assessment Date") is positive, then Client will pay that positive difference to Andersen Consulting within 30 days of the Second Assessment Date. If that difference is negative, Andersen

Consulting will pay Client an positive amount equal in magnitude that negative difference within 30 days of the Second Assessment Date.

2.3 Invoices; Payment Terms. The Client will pay Andersen Consulting the fixed, base fee determined under Section 2.1.1 and the Fixed Expenses under Section 2.1.2 according to the payment schedule provided in Section 2.1.3. Client shall pay all other amounts payable to Andersen Consulting hereunder (such as adjustment amounts under Section 2.1.4) within thirty (30) days of Client's receipt of invoices submitted by Andersen Consulting. Any fixed payment not made when due and any invoice remaining unpaid for more than thirty (30) days from receipt by Client shall accrue interest at a rate of the lesser of one and one-half (1.5%) percent per month or the highest rate allowed by law. In the event of any good faith dispute with regard to a portion of an invoice, the undisputed portion shall be paid as provided herein. Upon resolution of the disputed portion, any amounts owed to Andersen Consulting shall be paid with interest calculated at the rate set forth above, accruing from the date such amounts were originally due.

2.4 Taxes. Client shall pay for all taxes, including any interest and penalties from any related deficiency, in connection with this Agreement (except taxes based on or measured by Andersen Consulting's net income and the taxes referred to in the last sentence of this Section 2.2) including any sales, use, excise, value-added, services, consumption, withholding and other taxes and duties assessed on the provision of services by Andersen Consulting to Client or on Andersen Consulting's charges to Client under this Agreement including the reimbursement of expenses. The Parties shall cooperate in good faith to minimize any such tax liabilities to the extent legally permissible, should they arise. Andersen Consulting shall pay and be responsible for reporting all taxes arising from any payments which Andersen Consulting makes to its personnel, (including the withholding or payment of all employment or federal, state or local income taxes with respect thereto), workers' compensation, disability benefits, and employee's and employer's share of payroll taxes and the like for its personnel.

3. Client's Responsibilities.

3.1 Assumptions and Responsibilities. In connection with Andersen Consulting's provision of services, Client shall perform those tasks and fulfill those responsibilities specified in the Appendix as Client's responsibilities ("Client Responsibilities"). The Appendix also contains assumptions related to the services of Andersen Consulting. Client understands that Andersen Consulting's performance depends on Client's timely and effective performance of Client Responsibilities hereunder and timely decisions and approvals by Client. Andersen Consulting shall be entitled to rely on all decisions and approvals of the Client in connection with the services performed by Andersen Consulting if they are in writing and signed on behalf of the Client. Changes in decisions and approvals are subject to Section 1.2. In particular, the Client shall be responsible for

the complying with applicable laws in its use and operation of the Center and the deliverables provided under this Agreement.

3.2 Support for Andersen Consulting Personnel. In addition to any particular items specified in the Appendix, Client shall supply on-site Andersen Consulting personnel with suitable office space, desks, storage, furniture, and other normal office equipment support, reasonable computer resources (including necessary third party rights to use software), telephone and facsimile service, postage, copying, secretarial support, word processing, and general office supplies which may be necessary in connection with Andersen Consulting's performance of its services under this Agreement.

3.3 Responsibility for Persons and Property. Andersen Consulting shall be responsible for returning to the Client the personal property of the Client made available for the use of Andersen Consulting personnel in the same condition that it was made available, reasonable wear and tear excepted. In all other respects, Andersen Consulting shall indemnify, defend, protect and hold Client and its agents and employees harmless from and against any and all liabilities, claims, demands, suits, judgments costs and expenses (including reasonable attorneys fees and other costs of defense) and causes of action relating to injury, illness or death of any person or damage to or destruction of any property that results from Andersen Consulting's activities under this Agreement, including, without limitation, any of the foregoing that arises from any act, omission or neglect of any person that it employs or retains. Andersen Consulting will at all times during the course of this Agreement carry insurance in kind and amounts adequate to protect Client against all such liabilities.

3.4 Compliance with Laws. Each party shall retain responsibility for its compliance with all applicable federal, state and local laws and regulations.

4. Ownership of Work Product.

4.1 Pre-Existing Materials. Except as set forth in Section 4.2, each Party retains all right, title and interest (including all patents, copyrights, trade secrets, trade marks or other intellectual property rights) in their respective pre-existing materials that it provides to the other Party and this Agreement does not grant any rights or licenses except as expressly set forth herein, and no other right or license is to be implied by or inferred from any provision of this Agreement or by the conduct of the parties.

4.2 Work Product and Deliverables. Upon final payment, Client and each of its Affiliates (as that term is defined below) shall have a perpetual, non-transferable, non-exclusive, irrevocable, paid-up right and license to use, copy, modify and prepare (either itself or for itself by others) derivative works of the deliverables originally developed by Andersen Consulting individually or jointly with Client ("Deliverables") in the course of Andersen Consulting's performance of its obligations under this Agreement and to prepare, use, copy and modify derivate works of the Deliverables. Client's rights in the

Deliverables licensed to it shall be for the purposes of the internal uses of the Client and its Affiliates only and, to the extent that any such Deliverable contains material that contains Andersen Consulting confidential information, will be subject to Section 6. All other intellectual property rights in the Deliverables remain in and/or are assigned to Andersen Consulting; Client shall have or obtain all necessary authority to make such assignment. To the extent that any such Deliverable contains material that contains confidential information of Client or its Affiliates, it will be subject to Section 6. The parties will cooperate with each other and execute such other documents as may be reasonably deemed necessary to achieve the objectives of this Section. "Affiliate" means as to any entity, any other entity that, at the time such determination is made, directly or indirectly, controls, is controlled by, or is under common control with, the Client.

4.3 General Skills. In no event shall either party be precluded from developing for itself, or for others, materials that are competitive with the deliverables, regardless of how similar to the deliverables they are. In addition, Andersen Consulting will be free to use its general knowledge, skills and experience, and any ideas, concepts, know-how, and techniques within the scope of its consulting practice that are used in the course of providing the services hereunder.

5. Proprietary Items.

In the course of performance hereunder, Andersen Consulting may use products, materials, tools and methodologies that are proprietary to Andersen Consulting or to third parties (collectively "Proprietary Items"); provided however that Andersen Consulting agrees that no Proprietary Items will be included in any of the Deliverable Items without Client's prior written consent. As between Client and Andersen Consulting, Proprietary Items will be deemed Confidential Information of Andersen Consulting for purposes of Section 6. Included among the Proprietary Items of Andersen Consulting are tools that Andersen Consulting identifies as Solution Construction Aids ("SCAs"), which Andersen Consulting makes available to clients under separate licensing terms. Client shall have or obtain no rights in such Proprietary Items (or in any modifications or enhancements to them) other than (i) to use them as authorized by Andersen Consulting in writing from time to time solely for purposes of performing Client Responsibilities, (ii) to the extent the Proprietary Items are incorporated into, or are necessary to use, a Deliverable, to use them as part of the Deliverable for purposes of Client's internal business only, or (iii) pursuant to Andersen Consulting's standard license for such Proprietary Items or, in the case of Proprietary Items owned by third parties, pursuant to terms acceptable to the applicable third party. If Proprietary Items are made available to Client under (i) or (ii) above, they will be made available in an "AS IS" condition and without express or implied warranties of any kind; those Proprietary Items made available under (iii) above shall be subject only to applicable terms of the applicable license. However, notwithstanding the foregoing, Andersen Consulting will make available without any additional cost or charge to Client all licenses to use SCAs to the extent such licenses are

necessary or advisable in order to enable the Parties to carry out their respective duties under this Agreement and the Appendix in a timely and effective manner.

6. Confidential Information.

6.1 Background. During the course of Andersen Consulting performing services for Client, each Party may be given access to information (in hard copy and/or electronic form) that relates to the other Party's past, present, and future research, development, business activities, products, services, and technical knowledge, or otherwise is identified by the disclosing Party as confidential ("Confidential Information"). In connection therewith, the following subsections will apply:

6.2 Use of Confidential Information. The Confidential Information of the disclosing Party may be used by the receiver only in connection with the services of Andersen Consulting or as otherwise expressly permitted by this Agreement.

6.3 Non-Disclosure. Neither Party will disclose to any other person any information about the other Party's clients or customers (whether or not such information is regarded by Client or Customer as confidential).

6.4 Care of Confidential Information. Each Party agrees to protect the confidentiality of the Confidential Information of the other Party in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event shall either Party exercise less than reasonable care in protecting the other Party's Confidential Information. Access to the other Party's Confidential Information shall be restricted to the personnel of Andersen Consulting and Client who are engaged in a use permitted hereby.

6.5 Return of Confidential Information. All Confidential Information made available hereunder, including copies thereof, shall, unless the receiver is otherwise allowed to retain such Confidential Information pursuant to this Agreement or any other agreement between the Parties, be returned or destroyed upon the first to occur of: (a) completion of the services to be performed by Andersen Consulting hereunder; (b) request by the discloser; or (c) termination or expiration of this Agreement and the Appendix. Each Party may retain, subject to the terms of this Section, copies of the other Party's Confidential Information required for compliance with applicable law.

6.6 Exceptions. Nothing in this Agreement shall prohibit or limit either Party's use of information (including, but not limited to, ideas, concepts, know-how, techniques, and methodologies) (i) previously known to it without obligation of confidence, (ii) independently developed by or for it, (iii) acquired by it from a third party that which is not, to its knowledge, under an obligation of confidence with respect to such information, or (iv) which is or becomes publicly available through no breach of this Agreement.

6.7 Legal Process. If either Party receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information of the other Party, it shall provide prompt notice to the other of such receipt. The Party receiving the subpoena shall thereafter be entitled to comply with such subpoena or other process to that extent permitted by law. Services provided hereunder in no event include Andersen Consulting acting as an expert witness or otherwise providing litigation support services.

7. Warranties.

7.1 Andersen Consulting warrants that its services will be performed in a good and workmanlike manner. The services, deliverables and work product described in the Appendix shall, to the extent that they are, or by terms of this Agreement should be, under the direction and control of Andersen Consulting, conform to the descriptions and standards set forth in the Appendix and its attachment.

7.2 In the case of Deliverables accepted by Client under Section 7.4, Andersen Consulting warrants that such Deliverables, to the extent prepared by it, when operated properly, shall substantially conform to the applicable specifications provided that the acceptance testing of such Deliverable was properly executed by Client.

7.3 The above warranties shall apply for sixty (60) days following the later of (a) completion of the services at issue or (b) if applicable, acceptance of the Deliverables at issue as provided in Section 7.4 (the "Warranty Period").

7.4 Andersen Consulting will use commercially reasonable efforts, at its expense, to correct any nonconformity identified by Client and reported to Andersen Consulting in writing within the Warranty Period. Such report from Client must specify in writing as to each nonconformity how the Deliverable failed to substantially conform to the applicable specifications at the time of delivery.

7.5 Andersen Consulting's services under this Agreement will conform to generally accepted industry standards applicable to consulting services provided by persons with requisite training and skill and experience in planning and executing projects for consolidated customer service centers.

7.6 Andersen Consulting's personnel engaged in the Project will possess the requisite training and skill and experience in planning and executing projects for consolidated customer service centers.

7.7 Andersen Consulting's warranty obligations in regard to a Deliverable Item shall apply only where the version, release or model of any third party software or hardware used in conjunction with such Deliverable Item is the same as that specified in the Appendix. Any changes to the version, release, model number or any updates, upgrades

or enhancements to such software or hardware shall constitute a change subject to Section 1.2 of this Agreement.

DISCLAIMER: THE PRECEDING IS ANDERSEN CONSULTING'S ONLY WARRANTY CONCERNING THE SERVICES, ANY DELIVERABLE ITEMS AND ANY WORK PRODUCT, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT OR OTHERWISE.

8. Indemnification.

8.1 Personal Injury; Property Damage. Each Party shall indemnify, defend and hold harmless the other Party, its employees, principals (partners, shareholders or holders of an ownership interest, as the case may be) and agents, from and against any third Party claims, demands, loss, damage or expense relating to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the negligence or willful misconduct of the indemnifying Party, its personnel or agents in connection with the performance of the services hereunder.

8.2 Intellectual Property Infringements. Andersen Consulting will at its sole expense, defend, indemnify and hold Client harmless from and against any loss, claim damage or liability (or actions in respect thereof that may be asserted by any third party) to the extent that the same arises out of or directly relates to a third party claim against Client that any Deliverable infringes a United States patent in existence as of the date of the Applicable Appendix, a copyright or a trade secret of any third party and will reimburse Client for all expenses (including counsel fees) as incurred by Client in connection with any such action or claim. Andersen Consulting will not indemnify Client, however, to the extent that the claim of infringement is caused by: (1) Client's misuse or modification of the Deliverable; (2) Client's modification of the Deliverable in a manner not permitted or authorized by Andersen Consulting; (3) Client's failure to use corrections or enhancements made available by Andersen Consulting; (4) Client's use of the Deliverable in combination with any product or information not approved, owned or developed by Andersen Consulting; or (4) Client's distribution, marketing or use for the benefit of third parties of any Deliverable. If any Deliverable is, or in Andersen Consulting's opinion is likely to be, held to be infringing, Andersen Consulting shall at its expense and option: (a) procure the right for Client to continue using it, (b) replace it with a non-infringing equivalent, or (c) modify it to make it non-infringing. If, despite commercially reasonable efforts, Andersen Consulting is unable to accomplish either (a), (b), or (c) as set forth above, then Andersen Consulting may demand that Client return the infringing Work Product or Deliverable and Andersen shall refund to Client the fees paid for such Deliverable.

8.3 Client shall defend, indemnify and hold harmless Andersen Consulting and its partners and employees from and against any loss, claim, damage or liabilities (or actions in respect thereof that may be asserted by any third party) that may result from any third party claims to the extent that the same arises out of or directly relates to Andersen Consulting's services or any use by the Client of any Deliverable and will reimburse Andersen Consulting for all expenses (including counsel fees) as incurred by Andersen Consulting in connection with any such action or claim, except to the extent any such claim is covered by the preceding indemnity obligations of Andersen Consulting and except to the extent that such claim arises from Andersen Consulting's negligence or breach of this Agreement.

8.4 Indemnified Party's Duties. To receive the foregoing indemnities, the Party seeking indemnification must promptly notify the other in writing of a claim or suit and provide reasonable cooperation (at the indemnifying Party's expense) and full authority to defend or settle the claim or suit. The indemnifying Party shall have no obligation to indemnify the indemnified Party under any settlement made without the indemnifying Party's written consent.

8.5 Mutual Insurance Obligations. Except as set forth in Section 8.5, each Party will determine the types and amounts of insurance coverage it requires in connection with this Agreement. Neither Party is required to obtain insurance for the benefit of the other Party. Each Party shall pay all costs and receive all benefits under policies arranged by it. Each Party waives rights of subrogation it may otherwise have regarding the other Party's insurance policies, including but not limited to property insurance, business interruption insurance, and other first-Party insurance. However, nothing in this Section will relieve a Party of any obligation of indemnity or reimbursement it may have to the other Party under this Agreement.

9. Employees.

9.1 Personnel Replacement. To allow Andersen Consulting to be able to manage its participation in the Project most effectively, Andersen Consulting reserves the right to determine the personnel to perform the work, although Andersen Consulting will use reasonable efforts to honor Client's requests for specific individuals and to minimize personnel turnover. Notwithstanding the foregoing, Andersen Consulting will assign the following key personnel to the Project, and that they will leave the Project only as permitted by a work plan agreed to by the Client or with Client's consent. These key personnel are Mark Hawn, Nick Culverwell, Hector Hernandez, and Scott Yager. Client may, in its reasonable discretion and after consulting with Andersen Consulting, reject any of Andersen Consulting's personnel whose expertise, experience, or performance, do not meet the standards necessary for the performance of the services required for the Project. Upon written notice of such rejection, Andersen Consulting will immediately remove the rejected Andersen Consulting personnel from the performance of those services and will thereafter promptly provide a suitable replacement.

9.2 Client's Instructions. Andersen Consulting's personnel will, whenever on the premises of the Client or any of its affiliated companies, obey all reasonable instructions and directions issued by Client and observe all reasonable working rules and procedures in force on those premises.

9.3 Non-hire; Non-solicitation. Except as the other Party expressly authorizes in writing in advance, neither Party shall solicit, offer work to, employ, or contract with, whether as a partner, employee or independent contractor, directly or indirectly, any of the other Party's personnel while any such person is engaged in the Project or during the twelve (12) months after such person has ceased to be engaged in that project. For purposes of this Section 9.5, "Personnel" includes any individual a Party employs as a partner or employee and with which a Party comes into direct contact in the course of the Project.

9.4 No Joint Employment. Neither Party shall be deemed a joint employer of the other's employees, each Party being responsible for any and all claims by its employees, subject to Section 8.1. Neither Party's employees shall be deemed "leased" employees of the other for any purpose.

10. Independent Contractor.

In connection with this Agreement, each Party is an independent contractor and as such will not have any authority to bind or commit the other. Nothing herein shall be deemed or construed to create a joint venture, partnership, fiduciary or agency relationship between the parties for any purpose.

11. Limitation of Liability.

11.1 Limitation on Damages. Except for claims subject to each party's indemnification obligation under Section 8.1, Andersen Consulting's indemnification obligation under Section 8.2 and Client's indemnification obligation under Section 8.3, the limit of each party's liability (whether in contract, tort, negligence, strict liability in tort or by statute or otherwise) to the other party concerning its performance or non-performance under this Agreement or in any manner related to this Agreement, shall not, in the aggregate, exceed the fees and expenses paid by Client to Andersen Consulting hereunder. Client's exclusive remedy for any claim arising out of these arrangements shall be for Andersen Consulting, upon receipt of written notice pursuant to Section 12.2, to use commercially reasonable efforts to cure the breach at its expense, and failing that, the return of fees paid to Andersen Consulting for the work related to the breach.

11.2 Limitation on Consequential Damages. Except for claims subject to indemnification under this Agreement, in no event shall either Party be liable to the other Party for consequential, incidental or punitive loss, damage or expenses (including but

not limited to business interruption, lost business, or lost savings) even if it has been advised of their possible existence.

11.3 Timeliness of Claims. Any action by either Party must be brought within two (2) years after the cause of action arose.

11.4 Allocation of Liability. The allocations of liability in this Section 11 represent the agreed and bargained-for understanding of the parties and Andersen Consulting's compensation for its services reflects such allocations. The parties agree further that they will look only to the assets of the other party in connection with any liabilities hereunder and in no event shall they have any claim against any shareholder, partner or holder of an ownership interest in the other party in connection with this Agreement.

12. Termination.

12.1 Termination For Convenience. Either Party may at any time and without cause terminate this Agreement and the Appendix by giving thirty (30) days' prior written notice of termination to the other Party.

12.1.1 If Andersen Consulting terminates this Agreement at any time pursuant to this Section, or if Client terminates this Agreement pursuant to Section 12.1 on or before the completion of the first phase of the Project because Client has made a good faith determination that the projected net benefit it will achieve through the Project is insufficient for its business purposes, Client will pay Andersen Consulting any unpaid fixed fees and expenses payable under Sections 2.1.1 and 2.1.2 through the date of termination (prorated for any portion of a month during which this Agreement is in effect) and will have no further liability to Andersen Consulting for any other payment of any kind under this Agreement; provided, however, that if Client terminates this Agreement pursuant to this Section, Client will also pay Andersen Consulting for any demobilization costs resulting from such termination.

12.1.2 If Client terminates this Agreement pursuant to this Section without cause and other than under the circumstances set forth in Section 12.1.1, Client will pay Andersen Consulting the amount set forth in Section 12.1.1 plus an amount equal to the difference between all fixed fees client has then paid Andersen Consulting under this Agreement and a pro-rated portion of Andersen Consulting's original time and materials estimate of \$5,530,000. This pro-ration will be based on the number of months elapsed since the start of the Project based on an estimated 15 months to complete the Project. For example, if such a termination occurs in the fifth month of the Project, Client will pay Andersen Consulting 5/15 of \$5,530,000, or \$1,843,333, less all fixed fees previously paid to Andersen Consulting. In

addition, Client will also pay Andersen Consulting for any demobilization costs resulting from such termination.

12.2 Termination For Breach. Either Party may, upon giving thirty (30) days' written notice identifying specifically the basis for such notice, terminate this Agreement for a material breach of this Agreement unless the Party receiving the notice cures the breach within the thirty (30) day period. In the event of a breach the non-breaching Party shall retain all its rights and remedies at law and equity. In addition to all other amounts due to Andersen Consulting hereunder, Client shall pay Andersen Consulting all fees due to and expenses incurred by Andersen under this Agreement through the date of termination, and all demobilization costs resulting from such termination.

12.3 Dispute Resolution. The parties agree that, in the event of a dispute or alleged breach subject to Section 12.2, they will work together in good faith first, to resolve the matter internally by escalating it to higher levels of management and, then if necessary, to use any alternative dispute resolution technique that is mutually agreed prior to resorting to litigation. This provision shall not apply to disputes involving confidentiality or infringement of intellectual property rights (in which case either Party shall be free to seek available remedies in any forum).

12.4 The terms of Sections 2.3, 6, 7, 8, 9.3, 11, 16 and 17 shall survive termination of this Agreement or completion of any Appendix.

13. Severability.

If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

14. Notices.

Any notice or other communication given pursuant to this Agreement shall be in writing and shall be effective either when delivered personally to the Party for whom intended, or five (5) days following deposit of the same into the United States mail (certified mail, return receipt requested, or first class postage prepaid), facsimile (with confirmation of delivery) or overnight delivery services (with confirmation of delivery), addressed to such Party at the address set forth on the initial page of this Agreement. Either Party may designate a different address by notice to the other Party given in accordance herewith.

15. Force Majeure.

Neither Party shall be liable for any delays or failures in performance (other than payment obligations hereunder) due to circumstances beyond its reasonable control.

16. Complete Agreement; Miscellaneous.

16.1 Entire Agreement. This Agreement and the Appendix and its attachments set forth the entire understanding between the parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter hereof. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the parties hereto with respect to the subject matter hereof. Client acknowledges that it is entering into this Agreement solely on the basis of the agreements and representations contained herein, and for its own purposes and those of its Affiliates and not for the benefit of any other party.

16.2 Modifications. Neither this Agreement nor any Appendix may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the Party against which it is sought to be enforced.

16.3 Waiver. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

16.4 Assignment. Neither party shall assign this Agreement or any of its rights, duties or obligations hereunder, without the prior written consent of the other party.

16.5 Equitable Remedies. Each Party acknowledges that the other Party may be irreparably harmed if the first Party's obligations under Sections 6 and 9.3 of this Agreement are not specifically enforced and that the Party seeking enforcement would not have an adequate remedy at law if the other Party violated its obligations under those Sections. Therefore, each Party agrees and consents that in addition to any other remedies at law or in equity that the other Party may be entitled to seek an injunction or any appropriate decree of specific performance against the breaching Party or its personnel.

16.6 Severability. In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms.

CONSULTING SERVICES AGREEMENT EXECUTION COPY

16.7 Headings. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect the interpretation of this Agreement.

16.8 Non-Exclusivity. Nothing herein shall be deemed to preclude Client from retaining the services of other persons or entities undertaking the same or similar services as those undertaken by Andersen Consulting.

16.9 Publicity. Neither party shall, without prior written consent of the other party, use in advertising, publicity or otherwise the name of the other party, or any affiliate of the other party, or refer to the existence of this Agreement in press releases, advertising or materials distributed to prospective customers.

17. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of New Jersey, without giving effect to conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ANDERSEN CONSULTING LLP

AMERICAN WATER WORKS SERVICE
COMPANY

By Mark K. Hawn

By John R. Bigelow

Name Mark K. Hawn

Name John R. Bigelow

Title Partner

Title Vice President

Date April 27, 2000

Date April 27, 2000

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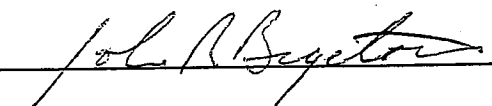
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ANDERSEN CONSULTING LLP

AMERICAN WATER WORKS SERVICE
COMPANY

By _____

By 

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ANDERSEN CONSULTING LLP

AMERICAN WATER WORKS SERVICE
COMPANY

By _____

By _____

Name Mark K. Hawn

Name John R. Bigelow

Title Partner

Title Vice President

Date April 27, 2000

Date April 27, 2000

APPENDIX A to Consulting Services Agreement

April 11, 2000

Mr. John Bigelow
Vice President
American Water Works Service Company, Inc.
1025 Laurel Oak Drive
P.O. Box 1770
Voorhees, New Jersey 08043

Dear John:

Thank you for the opportunity to work together with American Water Works on the Customer Service Consolidation Project. We are very pleased that you have chosen Andersen Consulting to assist you on this very important project.

Andersen Consulting LLP ("Andersen Consulting") is pleased to provide this letter ("Arrangement Letter") to American Water Works Service Company, Inc. ("Client") which documents the parties' mutual understanding as to how Andersen Consulting will assist Client in its Customer Service Center Consolidation Project ("Project"). In the event of a conflict between any of the terms and conditions of this Arrangement Letter and the terms and conditions of a Consulting Services Agreement, to which this letter is an Appendix, that Consulting Services Agreement will prevail. The contents of this Arrangement Letter are as follows:

Project Objectives
Project Scope, Responsibilities, and Deliverables
Project Approach, Organization and Staffing
Key Assumptions
Framework for Changes
Project Fees and Expenses
Standard Business Practices

Project Objectives

Andersen Consulting understands that Client seeks to complete its plan for a consolidated customer service center for its customer service operations. As with all initiatives of this kind, the benefits associated with the outcome will require some degree of tolerance for disruption and upheaval. Some of the objectives below, therefore, may offset one another during the course of the Project. Andersen Consulting understands that Client's objectives for this Project are, in order of precedence:

1. Design and implement a consolidated customer service operations center by July, 2001;

2. Build the concepts and tools for creating efficient and effective customer service within Client that cannot be achieved today with distributed customer service operations;
3. Further energize Client's culture and create momentum for continuous improvement;
4. Provide a customer service capability that will enable growth through quicker and more efficient acquisitions with performance and customer satisfaction levels in the top quartile. "Top quartile" will be defined during the design phase of the Project and will draw on a combination of utility and non-utility industry benchmarks, depending on the metric; and
5. Minimize the disruption to the Client's business caused by the Project.

Project Scope, Responsibilities, and Deliverables

The following section provides an overview of the scope, responsibilities and deliverables within this arrangement. The attached Task Package Descriptions provide specific definition of the intended work scope.

Project Scope

The scope of work for the Project will entail the following phases:

1. **Conceptual Design** – During this phase of the Project, the Project team will be responsible for developing the customer service center blueprint that will prescribe how the customer service center will function once operational. Key tasks of the conceptual design are: Assess current operations, document current benchmark performance, refine the customer center vision, develop front office/back office (FO/BO) process models, develop technology requirements, define organizational requirements, and finalize customer support location. This phase also includes the development of a refined business case and the establishment of a baseline for current costs to be used to assess net business benefit at the end of the Project. The business case will be revisited each time there is a major decision for the team that could substantially affect costs or expected benefits.
2. **Detailed Design & Build** – During this effort, Project team will be responsible for building upon the conceptual design and developing the organization, process, and technology design to run and operate the customer call center. Milestones to completion of the detailed design and build are: design and develop FO/BO business procedures (including the interaction with field operations), design organization/roles/skills/recruiting plans, design and develop training plan, design/develop/procure systems and telecommunications, design facilities, define and

coordinate equipment purchase requirements, identify warm site backups and develop Request For Proposal (RFP), develop phased implementation plan and update business case, and conduct a detail design checkpoint.

3. **Implementation Phase 1** – During this phase of the Project, Andersen Consulting will manage the implementation of the new organization for phase one. Milestones to the completion of this phase one are: plan and manage implementation, manage the build out of the customer service facility, install/configure/test technical infrastructure and systems, deploy technology, test systems and telecommunications, develop training material, review human performance, recruit and hire, train, prepare the target site, consolidate and post consolidate.
4. **Implementation Phases 2 & 3** – During these phases of the Project, Andersen Consulting will repeat many of the same steps accomplished in phase one, except its focus will be on implementing/converting other Client operations to the newly designed operations. These two phases complete the implementation of the new organization and Project.
5. **Program Management** – During this work, Andersen Consulting will manage the timing, scope, and pace of activities within the program in order to achieve overall program objectives, including the change management activities required to build stakeholder consensus, sponsorship, and communications.

The functional scope of the Project includes all current Front-Office processes including the following:

Service Request Handling (from the customer) including the hand-offs with the field
Billing and Payment Inquiry Handling
Emergency Service Call Handling
General Call Handling

The functional scope of the Project includes all current Back-Office processes including the following:

Pre-Billing
Billing
Credit and Collections

The functional scope of the Project does not include the following:

Mr. John Bigelow
American Water Works Service Company, Inc.
April 11, 2000
Page 4

Remittance Processing

Field Services. However, the interface between the front/back office and the field and the processes to manage this interface are in scope.
Service Order Dispatch, where separate dispatch functions currently exist. However, where dispatch is currently handled in a call center, identifying a solution for dispatch under a centralized model is in scope.

The technical scope Andersen Consulting's duties under the Project include the following:

Development of the application functionality required to provide customer service representatives and other appropriate customer service personnel a single view of customer data across the Orcom platforms.

Implementation of technology tools required for operation in the consolidated customer call center inclusive of a Voice Response Unit (VRU) and call center scheduling software.

Development of the consolidated facility.

Provision of access to MySkillSet.com – This internet-based training application is available to Client as part of this arrangement. The use of this application framework and architecture will be evaluated in the Conceptual Design phase. Workdays required to customize the content of the application are within the scope of work of the Project. This arrangement also provides access to the MySkillSet.com application for the duration of a Stabilization period after completion of the Project. This Stabilization period is defined as three months. After the Stabilization period, operational licensing of the toolset is not covered within the scope of this Arrangement Letter. Please refer to the Fees and Expenses section of this Arrangement Letter for more detail on MySkillSet.com pricing options.

Providing functional configuration requirements for the Orcom product so that the Orcom product will support improved business processes, and understanding the Orcom product so that Client's business processes are designed to take full advantage of the Orcom product's capabilities. These functional requirements include Orcom reporting requirements for reports required to manage the front and back office effectively.

Liaison to the central and operating company information technology organizations to coordinate technology initiatives such as data center consolidation and on-going operations activities with the Project.

Management of the Orcom initiative. The scope of this role is limited to management and does not include Andersen Consulting resources other than management resources.

The technical scope of the Project does not include the following:

Providing resources to the Orcom development effort for tasks and activities other than those defined above.

Workdays for development of Orcom reporting and any costs for acquisition of reporting tools.
Selection, development or implementation of any field work management scheduling, communications or status tracking software.

The change management scope of the Project includes the following:

Mr. John Bigelow
American Water Works Service Company, Inc.
April 11, 2000
Page 5

Communication planning for all stakeholders, sponsorship development, and program leadership.
Training needs assessment and design, development, and delivery of training for the front and back office.
Job design, organization design, and recruiting plan for the new front and back office functions.

Responsibilities of the Parties

As discussed, the Project will be conducted with joint Andersen Consulting and Client personnel, working in a team-based, collaborative manner. Deliverables and working products will be prepared and presented as products of the joint Project team, versus the specific deliverables of either Andersen Consulting or Client individually.

In addition, it is recognized that Andersen Consulting has responsibility for managing the work program and creating deliverables outlined in the work plan. The attached Work Plan describes specific responsibilities for each deliverable and work task.

Deliverables

In summary, the deliverables of this effort include the following:

Business Case: summarizes the strategic and operational costs and benefits of the customer service call center using current status and benchmarks as a baseline.

Operational Customer Service Call Center: Supports the operation of front office and back office customer service functions in accordance with the performance and customer satisfaction targets agreed to in the design phase. Key operational interfaces to field operations are included within scope.

A list of specific deliverables to be developed by the Project team are provided in the attached Task Package Descriptions and Work Plan.

Project Approach, Organization, and Staffing

Keys to success of the Project include leadership of the Project, governance, executive support and staffing. As such, the following constructs are to be implemented.

Client will implement a Steering Committee which will meet on a monthly basis at a minimum and will be responsible for key Project decisions and approvals, the business case, sponsorship and resourcing.

Strong sponsorship by the Steering Committee is critical to the success of this Project. In the role of Project sponsors, the Steering Committee must be ready and willing to create the environment that enables change to happen on time and on budget. Key characteristics of strong sponsors are:

Vision: a clear definition of what changes must occur for the Project success.

Organizational Power: the power within the organization to give legitimacy to the Project.

Resources: a clear understanding of the resources (time, money, people) necessary for the success of the Project and the ability and willingness to commit them.

Public Support: the ability and willingness to meet privately with key individuals or groups to convey strong personal support for the Project.

Andersen Consulting and Client will implement, with the Project Team, Working Groups. These Working Groups will be responsible for providing input to Project designs, gathering information about existing operations, and providing a communications and sponsorship channel to others.

Client will assign approximately fifteen full-time people to the Project team. A summary staffing schedule is provided below, however a more detailed staffing schedule will be developed at the beginning of the Project and updated periodically.

Resource Type	Total	Project Management	Service Processes	Org. & Managing Change	Technology	Facilities
Client Functional	9	1	5	2	--	1
Client Technical	5	1	1	--	2	1
Andersen Consulting	16	2	7	3	3	1
Total	30	4	13	5	5	3

Andersen Consulting will provide approximately sixteen FTE personnel to the Project as outlined above. Mark Hawn, a Partner in Andersen Consulting's Utilities Practice, will have overall responsibility for Andersen Consulting's participation on the Project. Nick Culverwell, an Associate Partner, will provide day-to-day Project management responsibilities. Scott Yager, a manager, will lead the Organization and Change Management Team. Hector Hernandez, a manager, will lead the Technology and Facilities Team. Andersen Consulting will complete the balance of its staffing as the Project begins.

Key Assumptions

The following are some of the assumptions and expectations which should be considered and integral part of this Arrangement Letter. Material deviations from the Project assumptions may cause changes to the Project schedule, fees and expenses, deliverables, and level of effort required to perform the services covered by this Arrangement Letter – if and to the extent provided in the table that appears under the heading "Framework For Changes To the Agreement" below. The framework for modifying the Letter Arrangement in the event of changes to one or more of these assumptions is outlined in the next section.

Mr. John Bigelow
American Water Works Service Company, Inc.
April 11, 2000
Page 7

Andersen Consulting will bring qualified resources to the Project on a schedule defined by the resource plan derived from the work plan, produce deliverables in accordance with Project acceptance criteria, and bring the necessary knowledge capital to the Project.

Client will commit the necessary resources and management involvement, as described herein, to support Andersen Consulting's work, to perform acceptance procedures defined as part of the creation of the program office at the start of the Project and that Client and Andersen Consulting agree upon and to accomplish the objectives of the Project. The scope of this Project as documented in this Arrangement Letter shall remain unchanged, except as the parties may mutually agree in writing or as contemplated or permitted by this Appendix or the Agreement to which it is attached.

Decisions to be made by the Client or Andersen Consulting will be made promptly and without delay. At the beginning of each phase, as appropriate, the Project team will prepare a list of probable decisions that must be made and likely timeframes the decision will be needed.

Client understands and agrees that Client will be responsible for determining whether the services and Deliverables provided by Andersen Consulting hereunder, including any revised business processes implemented pursuant to this Arrangement Letter, (i) meet Client's business requirements, (ii) comply with all federal, state and local laws, ordinances, codes, regulations and policies, and (iii) comply with Client's applicable internal guidelines and long-term goals. Andersen Consulting commits to abiding by Client's determination of the above. Client shall obtain all consents necessary from third parties required for Andersen Consulting to perform its obligations hereunder. Client shall provide Andersen Consulting with reasonable access to Client personnel and facilities sufficient for Andersen Consulting to fulfill its obligations hereunder.

Andersen Consulting will have no responsibility for the performance of other contractors or vendors engaged by Client, or delays caused by them, in connection with the Project even if Andersen Consulting has been involved in recommending or selecting such contractors or vendors, or in monitoring of their work.

Client shall be responsible for the contractual relationship with third parties and for ensuring that they cooperate reasonably with Andersen Consulting.

Andersen Consulting will have responsibility for the performance of other contractors or vendors engaged directly by and contracted directly by Andersen Consulting.

Andersen Consulting will make available hardware and software purchase options through Proquire LLC. Client agrees to consider a bid from Proquire LLC for any hardware and software acquisitions related to the Project.

There will be one Customer Service Center.

The Project timeframe is estimated by Andersen Consulting, based upon its experience, to be fifteen months.

The Customer Service Center will be sized and designed primarily for upwardly scalable, regulated water operations. Non-regulated operations are not within the scope of the design or build-out. During design, however, high-level requirements of non-regulated operations will be assessed in order to make provision for longer term integration and compatibility.

Mr. John Bigelow

American Water Works Service Company, Inc.

April 11, 2000

Page 8

Framework for Changes to the Terms of the Arrangement

A framework, outlined below, provides an approach for addressing the likely events that may arise during the Project which affect the assumptions or underlying economic model. Client will determine when, whether and if an Event has occurred or will occur.

Event	Example	Effect on Base Amount	Effect on Incentive Amount
1. Design decision	Service level target lowered below original business case target (e.g., Average Speed of Answer)	None	None - Risk to Andersen Consulting. Expected that some design decisions will be made that will degrade the business case. Others will improve the business case.
2. Stop Project	Financial and people resources have to be diverted to address a more critical issue for Client, major acquisition, etc.	Prorated payment of Time & Materials estimate (see Agreement Section 12 "Termination")	None - Incentive not applicable if project stopped
3A. Slow Project (Necessary but unforeseen)	Green field site chosen rather than brown field, call for resources that does not require stopping the project	Ramp down the team; AWW covers additional AC management workdays @\$1000 per workdays required to ramp up plus expenses	None - risk to Andersen Consulting.
3B. Slow Project (Unforeseen)	Slow Client decision making, slow acquisition of project resources	None - Client and Andersen Consulting work to resolve this	None - Client and Andersen Consulting work to resolve this
4A. Grow scope (to enhance business case)	Computer Telephony Integration, data warehousing, additional operating company in scope	Add to base amount to cover additional Andersen Consulting workdays @\$750 per workday plus expenses	None
4B. Grow scope (degrade business case materially)	Two centers vs. One (except if supported by a positive business case)	Add to base amount to cover additional Andersen Consulting workdays @\$1000 per workday plus expenses	Client to pay Andersen Consulting lost incentive

As stated in the Project Scope section of this Arrangement Letter, this contemplates workdays and licensing fees for the MySkillSet.com training application through to the end of the Stabilization period. Client is under no obligation to continue licensing MySkillSet.com after the Stabilization period, but if it chooses to extend the license the default pricing option for continued access will be \$100 per person per module per year. If usage for a particular module is high enough to make it cost justified for Client, Andersen Consulting is willing to consider a flat rate per module. In any event, Andersen Consulting shall ensure that MySkillSet.com will never be a prerequisite for operation of the customer call center or training of Client's personnel.

Mr. John Bigelow
American Water Works Service Company, Inc.
April 11, 2000
Page 9

Andersen Consulting will conduct periodic quality assessment reviews of the Project, and believes that such reviews are a useful tool in helping to keep the Project on track and understanding the Client's expectations. However, it is important to remember that "quality" is a subjective concept, unless the parties agree upon objective quality criteria. Andersen Consulting can and does, however, agree that it will meet its contractual obligations. Furthermore, in order for such quality reviews to be frank and candid, for the greatest benefit to both Client and Andersen Consulting, they should be kept confidential to the greatest extent possible.

Attached to this Appendix are pages 28 through 30 inclusive, and pages 69 through 90, inclusive, of Andersen Consulting's 1999 presentation to Client with respect to the Project. Those pages describe the deliverables under the project and the services to be performed by Andersen Consulting, and are incorporated in this Appendix for that purpose. However, the timelines and dates that appear in those pages are subject to adjustment to reflect the fact that the Project began on the date that the Parties signed the Agreement to which this Appendix is attached, rather than on the start date shown or assumed in those pages.

Example

Assumptions:

- The current cost to run the clients call center operations is \$28 million.
- The estimated cost to operate the new consolidated call center operation is \$16 million.
- The cost to transition from the current operation to the new is \$10 million.

The calculation to determine the expected net benefit would begin by taking the difference between the costs of the current operation \$28 million and the expected future cost of operation \$16 million, to arrive at the expected annual benefit or \$12 million. The \$12 million would then be multiplied by a factor of 5 to estimate the expected five-year annual benefit or \$60 million. The \$10 million cost to transition to the new consolidated call center would then reduce the \$60 million to \$50 million. The \$50 million will represent the expected net benefit.

At the completion of the project the process would be the same as above except the expected annual cost would be replace with the current annual cost to operate the consolidated center.

Assumptions:

- Costs to operate the new consolidated call center \$14 million.
- The cost to transition from the current operation to the new is \$12 million.

The calculation to determine the actual net benefit would begin by taking the difference between the costs of the current operation \$28 million and the cost of the consolidated call center operation \$14 million, to arrive at the expected annual benefit or \$14 million. The \$14 million would then be multiplied by a factor of 5 to estimate the expected five-year annual benefit or \$70 million. The \$12 million cost to transition to the new consolidated call center would then reduce the \$70 million to \$58 million. The \$58 million will represent the nest benefit.

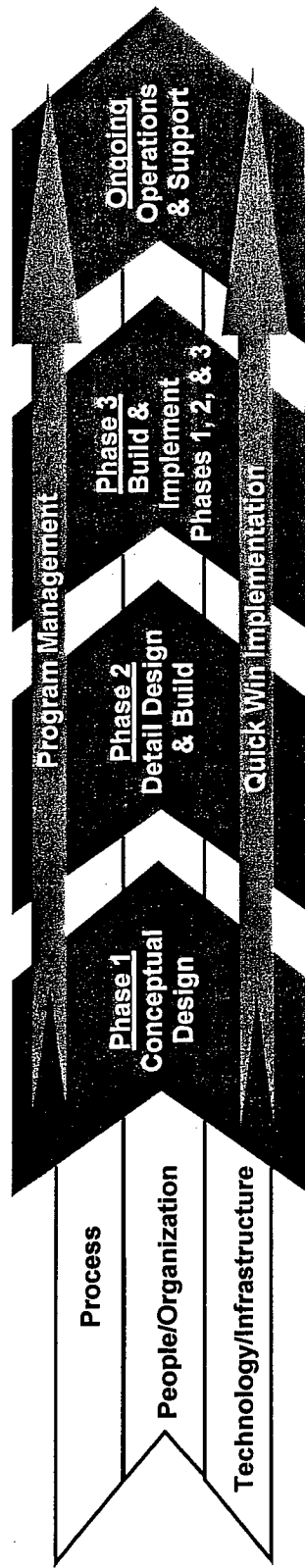
The next step will be to determine the incentive based on the \$58 million net benefit in relationship to the expected net benefit. The incentive is based on the increment of net benefit as follows:

Between 0% - 60% of net benefit or \$ 30 million $\times$ \$.05 = \$1.5 million

Between 60% - 110% of net benefit or the next \$25 million $\times$ \$.10 = \$2.5 million

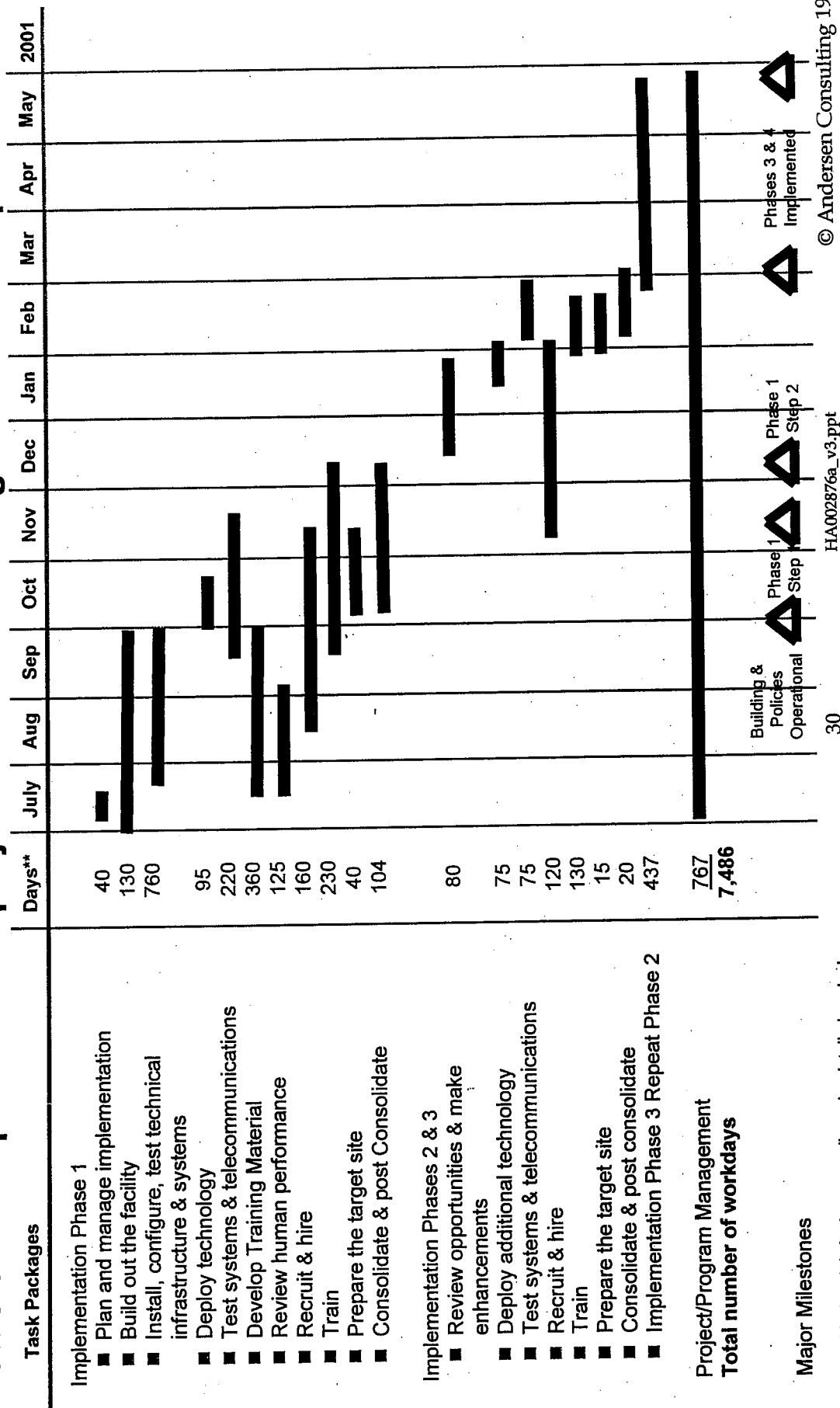
Between 110% - 120% of net benefit or the next \$3 million $\times$ \$.25 = \$.75 million
Total Incentive \$4.75 million

Our approach is simple, phased, and proven.



Quick Win Implementation		
Phase 1	Phase 2	Phase 3
- Assess current operations - Refine future vision - Define front office(FO) process model - Define back office(BO) process model - Define technology requirements - Develop & distribute technology RFP - Define organizational requirements - Identify customer support center location - Project/Program Management Quick Win Implementation	- Design & develop FO/BO business procedures - Design organization, roles, skills, recruiting plans - Design & develop training plan - Design, develop, procure systems & telecommunications - Design facilities - Define & coordinate equipment purchase requirements. - Identify warm site backups & develop RFP - Develop phased implementation plan & update business case - Project/Program Management Quick Win Implementation	- Facility Build Out - Install, configure, test technical infrastructure & systems - Deploy technology - Test systems & telecommunications - Develop Training Material - Review human performance - Recruit & hire - Train - Target site - Consolidate & Post Consolidation - Implementation Phases 1, 2, & 3 - Project/Program Management
2.5 Months	3.5 Months	3.5 & 2.5 & 2 Months
5 Months Duration - February 2000 to July 2000		
9 Months Duration July 2000 to May 2001		

This chart depicts overall project schedule and high level critical path*.



* Detailed critical path is in the appendix under detailed work plan.

Task Package Description

Task Package: Project/Program Management

Phase: Management

Objective: The objective is to provide leadership and management with vision, communications, a business case, work plan monitoring, facilitated integration sessions for the extended corporation and identification & mitigation of risks.

Tasks

- Project Initiation
- Establish and Maintain Program Office
- Maintain & Report Project Status
- Manage Change in Organization
- Manage Performance

Key Deliverables

- Signed Arrangement Letter
- Detailed Work Plans
- Program Office Team and List of Initiatives
- Program Plan
- Consistent Messages
- Issue Tracking
- Resolutions
- Updated Project Scorecard
- Status Report
- Facilitated Meetings
- Announcements
- Readiness Report
- Change Action Plan
- Consistent Newsletter, Articles, etc
- Risk Report from team members reporting risk
- Mitigation Plan
- Status Reports & Communication

Prerequisites:

- Negotiated Arrangement

Links:

- Through Out Project

Task Package: Assess Current Operations

Phase: Conceptual Design

Objective: The objective is to build a detailed understanding of current operations among several key team members that will be designing the new operating model. This is essential for building the foundation for which everything else is built.

Tasks

- Personnel Interviews/Shadowing*
 - (Call Center Management, CSR's, Technical Resources, Other Support Staff, Customers Assess *Current Processes/Operations*
 - Training Review, Call Center Core Processes, Performance Metrics, Inbound/Outbound Call Activities, Review Call Flows, Routing/Handling Procedures, and Service Levels
- Assess *Current Technology Utilization*
 - ACD, LAN, Workstations & Review Management Reporting Capabilities, Review Business Applications Review Call Volumes
- Assess Current Organization and Staffing
 - Organization Operating Structure
 - Staffing skills and numbers
 - Cultural insight
- Develop Baseline Operating Model

Key Deliverables

- Systems Utilization Assessment
- Customer Access Options/Call Flows
- Staffing Model
- Process Opportunities
- Operational Opportunities
- Change Management Assessment
- Current Customer Interaction Methods
- Current Architecture Assessment
- Current Network Architecture
- Business Capability Blueprint

Prerequisites:

- Program Office Operational
- Project Communications Sent
- Pre-data gathering activities

Links:

- Vision Development
- Define Process, Technology, Organizational Requirements

Task Package: Refine Future Vision

Phase: Conceptual Design

Objective: Based on the detailed assessment update and/or modify the consolidation vision. This vision will provide guidance in issue resolution, insight for the project team, and communications to the extended organization.

Tasks

- Establish Strategic Operating Objectives
- Formulate & Evaluate Strategic Operating Alternative
- Develop Operating Hypothesis
- Refine benefits & Costs
- Update Deliverables

Key Deliverables

- Operating Goals
- Operating Model Strategies
- Operating Channels and performance
- Updated Business Case
- Deliverable Documents

Prerequisites:

- Baseline Operating Model

Links:

- Operational Blueprint
- Updated Business Case

Task Package Description

Task Package: Define Front Office Process Model

Phase: Conceptual Design

Objective: Utilizing best practice information and the baseline assessment design the processes with their associated metrics to be used in call services. Identifying the gaps between the new processes and the baseline will provide an understanding of the gap.

Tasks

- Define Front Office Guiding Principles
- Identify Benchmark "Best Practices"
- Select & Categorize Call Types
- Define Call Flows & Hand Offs
- Develop Balanced Scorecard w/Initial Goals
- Identify Potential Functions/Applications
- Define Process Changes

Key Deliverables

- Rules for Doing Business
- Best Practice Activities & Measures
- Channel & Call Type Definitions
- Integrated Call Flow Diagrams
- Balanced Scorecard
- Business/Technology Matrix
- Business Process Gap Analysis

Prerequisites:

- Baseline Assessment
- Operating Vision

Links:

- Organizational Requirements
- Facilities Requirements
- Detailed Business Procedures

Task Package: Define Back Office Process Model

Phase: Conceptual Design

Objective: Utilizing best practice information and the baseline assessment design the processes with their associated metrics to be used in consolidated billing and collections. Identifying the gaps between the new processes and the baseline will provide an understanding of the gap.

Tasks

- Define Back Office Guiding Principles
- Identify Benchmark "Best Practices"
- Define Billing Process Model
- Define Credit & Collections Process Models
- Define Process Flows w/Integration Points
- Develop Balanced Scorecard w/Initial Goals
- Identify Potential Functions/Applications
- Define Process Changes

Key Deliverables

- Rules for Doing Business
- Best Practice Activities & Measures
- Process Models
- Process Models
- Integrated Process Diagrams
- Balanced Scorecard
- Business/Technology Matrix
- Business Process Gap Analysis

Prerequisites:

- Program Office Operational
- Project Communications Sent
- Pre-data gathering activities

Links:

- Vision Development
- Define Process, Technology, Organizational Requirements

Task Package: Define Technology Requirements

Phase: Conceptual Design

Objective: The objective is to identify all technical components to be used in a consolidated center for enabling efficient and effective business processes. The technology should be viewed as supporting business procedures within the consolidated center and integrated with other technology to support the complete organization.

Tasks

- Identify Call Volumes, Types & Flows
- Identify Technology Enablers(ANI, IVR, CTI, WEB)
- Define Business Application(CIS, Work Mgmt, Reference, Training, Communications, Tools)
- Define Technology & Network Requirements
- Define Technical Performance Requirements
- Define Technical Integration Points
Internal/External

Key Deliverables

- Business/Technical Diagram w/Capacity
- Technical Components List/Descriptions
- Business Application High Level Requirements.
- Network Architecture Diagram
- Systems Performance Metrics
- Technical Integration Diagram

Prerequisites:

- Baseline Assessment
- FO/BO Processes

Links:

- Technology RFP
- Facility Requirements

Task Package: Develop & Distribute Technology RFP **Phase:** Conceptual Design

Objective: Based on the technology identified develop strategies for bundling technical components from different providers. Discussions with different vendors will provide guidance in further detailed design activities.

Tasks

- Develop Technology RFP Strategy
- List Technology Needs & Vendors
- Develop Detailed Requirements
- Develop Selection Criteria
- Distribute RFP's

Key Deliverables

- RFP Strategy (Bundling of Req.)
- List of Vendors (Strengths/Weakness)
- Business/Technical Requirements
- Evaluation Criteria
- Confidential Agreements

Prerequisites:

- Technology Requirements
- Operating Assessment and Vision

Links:

- Facility Requirements
- Technology Procurement and Deployment

Task Package: Define Organizational Requirements

Phase: Conceptual Design

Objective: The objective is to outline the cultural framework for building an organization driven to achieve their business vision of operational excellence or customer intimacy. This framework includes roles, careers, and organization structure.

Tasks

- Identify Future Organizational Strategy
- Identify Cultural Framework
- Define Organizational Structure
- Define Role Descriptions
- Define Career Alternatives

Key Deliverables

- Organization Strategy (Competency)
- Cultural Framework
- Organization Chart
- Role Descriptions
- Career Path Definitions

Prerequisites:

- Future Vision
- Front Office and Back Office Processes

Links:

- Design of Roles and Skills

Andersen Consulting Task Package Description

Appendix

Task Package: Customer Support Center Location

Phase: Conceptual Design

Objective: Identification of the appropriate site and facility to house the customer support group and their business capabilities. Developing the criteria for determining the location will be critical.

Tasks

- Identify Top 25 Sites
- Screen Sites on Quality of Life to 10
- Screen Sites on Business Climate to 2-3
- Formulate Facility Selection Criteria
- Identify 2-3 Candidate Facilities Per Site
- Perform Site/Facility Visits
- Prioritize Sites/Facilities to Top 2-3
- Re-validate facility requirements
- Negotiate for Facilities

Key Deliverables

- List of Sites
- Top Ten and Why
- Top 2-3 and Why
- Facility Evaluation Forms
- List of Sites/Facilities Features
- Assessment Reviews
- List and Why
- Updated Requirements & Gap Analysis
- Letter of Indemnification and/or Contract

Prerequisites:

- FO/BO Business Processes
- Technical Requirements

Links:

- Final Conceptual Design
- Designing the facility blueprint
 - telecommunications
 - electrical
 - backups

Task Package: Design & Develop FO/BO Business Procedures

Phase: Detail Design & Build

Objective: The objective is to design in detail the business procedures, activities, triggers, outcomes needed for handling all customer contact, processing of bills and the collection of money's owed in a manner appropriate to achieve the operational strategy and metrics.

Tasks

- Finalize Call Types & Business Requirements
- Design Call and Process Flows (Triggers, In/Output)
- Design Activities & Develop Business Procedures
- Design and Develop Interfaces & Integration Plans
- Identify Performance Indicators & Levels
- Design Performance Measurement Process
- Design Business Technology Enablers
- Develop Consolidated Capacity Plan

Key Deliverables

- Validated Call Types & Bus Req.
- Detailed Call-Flow Diagrams
- Detailed Call Handling Procedures
- Detailed Integration Diagrams/Procedures
- Balanced Scorecard Metrics
- Measurement Process Requirements
- Desk Top Configuration & Network Components
- Detailed Capacity Plan

Prerequisites:

- FO Business Processes
- BO Business Processes
- Organizational Roles

Links:

- Training Plan Development
- Final Systems Requirements

Task Package: Design Organization, Roles & Skill Sets, Recruiting

Phase: Detail Design & Build

Objective: The objective is to build a detailed organization model for transitioning the company to a consolidated customer support group. The organization Model should address jobs, skills, education, career, role, responsibilities, team structure, & recruiting plans.

Tasks	Key Deliverables
■ Define Organization, Levels, Responsibilities ■ Define team roles, responsibilities, & incentives ■ Define Human Performance Metrics ■ Define Team & Individual Skills & Competencies ■ Develop Detailed Job Descriptions ■ Develop Detailed Team Performance Plans ■ Develop Severance & Outplacement Packages ■ Develop Recruiting & Hiring Profiles	■ Organization Responsibility Chart ■ Team Roles/Incentives ■ Balanced Scorecard Metrics ■ Skill Design ■ Job Descriptions ■ Team Performance Plan ■ Severance & Outplacement Package ■ Staffing & Recruiting Plan Prerequisites: ■ Cultural Framework ■ High level organization structure and roles. Links: ■ Training Material ■ Facility Layout

Task Package: Design & Develop Training Plan

Phase: Detail Design & Build

Objective: The objective is to create a training plan based on building a work force that will provide consistent customer contact and back office service levels.

Tasks

Key Deliverables

- Review & Update Jobs/Processes/Skills
- Develop Training approach/Needs Analysis
- Develop Training Curriculum Plan
- Develop Training Development Work plan

- Updated Deliverables
- Training Approach
- Training Curriculum
- Training Development Work Plan

Prerequisites:

- FO/BO Procedures
- Teams, Roles, Jobs, Skills

Links:

- Training Material Development

Task Package: Design, Develop, Procure Systems & Telecommunications

Phase: Detail Design & Build

Objective: The objective is to have a complete technical architecture(voice and data), systems applications requirements and vendors identified and contracted.

Tasks

- Review Call Volumes, Flows and Business Requirements
- Design Technical & Network Configuration
- Develop Phone Number Strategy & Plan
- Update Technical RFP's & Negotiate Deals
- Finalize Systems & Network Architecture
- Determine Business Application Requirements
- Design Application Enhancements and/or Identify Packaged Applications
- Identify PC/Network Computing hardware / software requirements (PC Workstations, Printers, Fax/Modem, LAN/WAN)
- Develop and Distribute RFP's for Hardware, Communications Equip, and Package Applications
- Design & Develop Security Requirements by System

Key Deliverables

- System Capacity Requirements
- Detailed Configurations
- Phone Number Plan
- Sign Contracts for Network Components
- Detailed Architecture
- Detailed Applications Requirements
- Detailed Application Design and/or Package Identification
- Detailed Hardware/Software Purchase Orders
- Signed Confidentiality Agreements & RFP's
- Security Plan

Prerequisites:

- Call Types and Flows
 - Initial RFP's delivered
- Links:**
- Facility Requirements
 - Warm Backup Requirements
 - Technology Build, Installation, Test

Task Package: Design Facility

Phase: Detail Design & Build

Objective: The objective is create the facility blueprint based on specific business processes, technology, and organizational requirements. Additionally, a contractor should be retained and ready to refurbish/build.

Tasks

- Design Facility Work Spaces (FO, BO, Training, Technology, Security, Executive, Support, etc.)
- Define Telecommunications, Computer, and Electrical Requirements.
- Define Other Requirements (Hurricane, Flood, Fire)
- Obtain Architect & Develop Blueprint
- Develop and Distribute RFP for Facility Build Out
- Negotiate and Procure Contractor
- Obtain Building Permits
- Design & Procure Initial Training Facility

Key Deliverables

- Business Operations Facility Requirements
- Technical Infrastructure Requirements
- Misc. Requirements
- Facility Blueprint
- Signed Confidentiality Agreements
- Contractor Agreement
- Permits
- Initial Training Site Selected & Designed

Prerequisites:

- Negotiated Facility Lease
- Process, Technology, & Organizational Requirements

Links:

- Facility Build-Out
- Equipment Purchases
- Technology Installation

Andersen Consulting Task Package Description

Task Package: Build Out Facility

Phase: Build & Implement

Objective: The objective is to have a completely functional building ready for consolidation. Consolidation will be done in phases thus the building readiness should coincide with staffing needs. Additionally, a small training facility will be required before transitioning to the main center.

Tasks

- Schedule Subcontractors
- Retrofit Plumbing, Electrical & Network Infrastructure
- Retrofit Heating & Cooling
- Build Wall Structures
- Install Electric, Plumbing, Network & Security Cameras
- Update Grounds and Parking
- Finish Walls & Install Trim, Paint & Carpet
- Install Security Monitors, Furniture and Fixtures
- Retrofit Initial Training Facility

Key Deliverables

- Contracts/Integrated Schedule
- Infrastructure rebuilt & Inspected
- Heating/Cooling Installed & Inspected
- Structural Inspection
- Installed Components & Inspected
- Completed Structure/Occupancy Certificate
- Facility
- Training Facility

Prerequisites:

- Contractor
- Blueprints & Permits
- Subcontractors Hired

Links:

- Consolidation Phases 1, 2, & 3

Andersen Consulting Task Package Description

Appendix

Task Package: Install, Configure, Test Technical Infrastructure & Systems

Phase: Build & Implement

Objective: The objective is to have all technical infrastructure components installed and tested.

Tasks

- Build Development Environment
- Order Voice Network
- Build LAN/WAN Infrastructure
- Develop Voice Network
 - Coordinate ACD Configuration
 - Coordination IVR & CTI Configuration
 - Develop IVR & CTI Database Access
 - Develop ACD Reports
- System Test Voice Network
 - Plan System Test ACD/IVR/CTI
 - Execute System Test ACD/IVR/CTI
- Enhance Applications
- Install Package Software & Configure

Key Deliverables

- Develop Lab, Workstations, Tools
- Purchase Order
- Data Network
- Call Routing & Messaging System
- Validated Voice Network
- Enhancements of applications other than Orcom & Scheduling
- Training, Reference, etc.

Prerequisites:

- Procurement of Technology
- Implementation Plan

Links:

- Hardware/Software Deployment
- Overall Systems & Technical Tests

Task Package: Deploy Technology

Phase: Build & Implement

Objective: The objective is to deploy the workstations and the associated hardware and software and updating security access.

Tasks

- Purchase PC/Network Computing hard/soft
- Install PC/Network Computing hardware/software
- Application/Reporting Installation
- Test PC/Network Computing hardware/software
- Set-up user-ids/passwords for LAN, Billing System, Field Services System, etc.

Key Deliverables

- Servers, Routers, PC's, etc
- Installed Hardware/Software
- CIS/TCS/Training/Reference, etc.
- Unit Test of Install
- Security Database Structured

Prerequisites:

- Technical Infrastructure
- Application Requirements

Links:

- Systems & Telecommunications test
- Integration Testing

Task Package: Test Systems & Telecommunications

Phase: Build & Implement

Objective: The objective is to test all voice and data technical components, integration testing and final systems availability test prior to consolidation.

Tasks

- Prepare Test Environment for Training
- Develop Telecommunications Test Plan
- Perform Telecommunications Test
- Develop Systems Test Plan
- Perform Systems Test
- Verify Telecommunications Systems Available
- Verify All Production Systems Available
- Define System Support Rqmts
- Develop System Support Escalation Responsibilities & Procedures

Key Deliverables

- Systems Training Site
- Network Test Plan
- Network Tested
- Systems Test Plan
- Systems Tested
- Final Validation
- Final Validation
- Support Procedures
- Escalation Procedures

Prerequisites:

- Technology and Systems Deployment

Links:

- Provide Training
- Consolidation

Task Package: Develop Training Material

Phase: Build & Implement

Objective: The objective is to have all material available for training of new resources for the consolidated contact center.

Tasks

- Finalize Business Procedures
- Acquire Third Party Training Material
- Develop Training Materials & Desk References
- Compliance review Training Materials

Key Deliverables

- Detailed Procedures Document
- Web Base Business Simulation
- Customized Simulation Training
- QA Review

Prerequisites:

- Business Procedures Finalized
- Technology developed
- Training Plan

Links:

- Training
- Consolidation

Task Package: Review Human Performance

Phase: Build & Implement

Objective: The objective is to develop awareness of opportunities in a consolidated environment, communicate hiring process, and identify possible candidates.

Tasks

- Schedule HR Meetings w/Mgmt
- Review & Update HR Plan for existing and new employees
- Schedule & Hold Individual Employee Meetings
 - a) Review Performance Incentive Plan
 - b) Review Severance Package
 - c) Review Relocation Opportunities
 - d) Distribute appropriate HR forms i.e. Cobra
 - e) Redeployment
 - f) Outplacement
- Identify Employees Willing to Relocate
- Prepare Info about New Location for Employee's
- Determine and publish interview process and dates

Key Deliverables

- Management Buy-In
- Updated Plans
- Buy in
- List of Interested Employees
- Site & Facility Communications
- Recruiting & Hiring Process Comm.

Prerequisites:

- Recruiting & Hiring Profiles
- Roles & Responsibilities
- Site Location

Links:

- Recruiting and Hiring
- Training
- Consolidation

Andersen Consulting Task Package Description

Appendix

Task Package: Recruit & Hire

Phase: Build & Implement

Objective: The objective is to recruit and hire the best candidates for the available openings in a consolidated contact center.

Tasks	Key Deliverables
■ Assign key HR resources to perform recruiting & Hiring ■ Review Organization Structure, Job Profiles & Skill Descriptions ■ Prepare Recruiting Plan & Schedule ■ Define candidate contact opportunities (ie, press, job fair) ■ Define Interview Guide and Selection Criteria ■ Interview candidates ■ Deliver offer to accepted candidates & message to candidates not accepted ■ Document interview results for tracking purposes ■ Coordinate & Communicate start dates & location for Training	■ HR Personnel ■ Reviewed Descriptions ■ Recruiting Plan & Schedule ■ Candidate Channel ■ Interview Guide ■ Qualified Candidates ■ Offers ■ Reports ■ Hire Reports
	Prerequisites: ■ Roles and Skills ■ Career Development Plans Links: ■ Training ■ Consolidation

Task Package: Train

Phase: Build & Implement

Objective: The objective is train those resources just in time in order to staff all positions open in the consolidated contact center.

Tasks

- Review Training Delivery Schedule
- Plan & Schedule Practice Calls (live customer calls)
- Train the Trainer
- Verify Target Site Training Facilities Available
- Coordinate Training with Recruiting
- Human Resources Orientation
- Deliver Training
- Evaluate Training
- Refine Training Material & Curriculum

Key Deliverables

- Updated Training Schedule
- Plan Calls
- Trainers Trained
- Training Site Available
- Integrated Schedule
- New Hire Orientation
- Trained Personnel
- Feedback Evaluation Report
- Updated Training

Prerequisites:

- Recruiting & Hiring
- Training Material
- Facilities

Links:

- Consolidation

CONSULTING SERVICES AGREEMENT

This Agreement ("Agreement") is entered into as of June 30, 2001 (the "Effective Date") by and between Accenture LLP, an Illinois general partnership registered as a limited liability partnership with an office at Suite 2600, 133 Peachtree Street, N.E., Atlanta, Georgia ("Accenture") and American Water Works Service Company, Inc., a Delaware corporation with offices at 1025 Laurel Oak Road, Voorhees, New Jersey 08043 ("Client"). Accenture and Client are each referred to as a "Party" and are together referred to in this Agreement as the "Parties".

BACKGROUND

Client is engaged in the business of coordinating and supplying services to the American Water System, which is the largest investor-owned provider of water services in the United States serving approximately 10 million people in 23 states.

Accenture has substantial experience and expertise in designing, developing and managing projects to enable its clients to implement customer information system applications to serve their customers.

Client wishes to avail itself of the expertise and services of Accenture and Accenture wishes to provide such services to Client on the terms set forth below.

Client's objectives for the Project described herein are, in order of precedence:

1. Convert the specified Operating Companies to a consolidated call center by the end of December, 2002;
2. Minimize the disruption to the Client's business caused by the Project; and
3. Complete the work estimated for Accenture's portion of the Project within the cost estimates provided by Accenture.

THEREFORE AND IN CONSIDERATION OF the premises and mutual agreements herein, Accenture and Client agree as follows.

1. Services.

1.1. Provision of Services. Accenture will, with Client's assistance, manage and perform the implementation of the Orcom E-CIS application software package for each of the operating companies (each, an "Operating Company" and collectively, the "Operating Companies") that form the American Water System as of the Effective Date. As used in this Agreement, the term "Operating Companies" includes the Client operating companies listed in Appendix B attached hereto. Implementing the Orcom E-CIS application software package means that Accenture will use its methodology to: (i) determine how that software needs to be changed or configured to perform those functions identified by Client and Accenture; and (ii) devise testing and go-live support to validate that the software can be used by each Operating Company in a Conversion (as defined in Section 2.2.1.3). The Appendices to this Agreement

and the work plan attached to this Agreement are integral parts of this Agreement, define the services Accenture will provide (the "Services") and describe how Accenture will perform and manage (with Client's assistance) the implementation of the Orcom E-CIS application software package (the "Project"). Detailed in Appendix A are descriptions of each of the Project teams ("Project Teams") that Accenture will contribute resources to as well as the deliverables ("Deliverables") for each Project Team. The objective of the Project is to achieve Conversion for each of the Operating Companies from their existing legacy CIS application to the Orcom E-CIS application. Unless otherwise agreed by Accenture and Client, the Services will be performed at Client's premises or mutually agreed-upon work sites. Accenture will provide the Services until the Conversion of each of the Operating Companies.

1.2. Scope Changes. Changes to the scope of the Services shall be made only in writing executed by authorized representatives of Accenture and Client. Accenture will have no obligation to commence work in connection with any change in the scope of Services described in the Appendix A affecting Accenture's fee until the fee and/or schedule impact of the change is agreed upon by the Parties in writing. The foregoing notwithstanding, if Accenture, at the prior written request of Client, performs work that: (i) is not covered by an Appendix; or (ii) exceeds the scope of Services defined in the applicable Appendix, then such work will be deemed Services provided pursuant to this Agreement for which Client will compensate Accenture pursuant to Item 3 of the Framework for Changes to the Terms of the Agreement contained in Appendix A to this Agreement; such framework is hereinafter referred to as the "Framework."

1.3. Modification to List of Operating Companies. Client may determine that one or more Operating Companies may be added or removed from the scope of the Project as defined in Section 1.1. In the event that Client determines to remove an Operating Company from scope, the impact on Payment for Services and Expenses will be as follows: If no workdays have been worked for that Operating Company at the time of the decision to remove from scope, the Fixed, Base Fee will be reduced by the proportion of total workdays represented by all workdays in the workplan specific to that Operating Company, and Accenture will no longer be able to qualify for the Individual Contingent Fee specific to that Operating Company (as specified in Table 2.2.1.2.) If work is already underway on the Operating Company, the Fixed, Base Fee will be reduced only by the unused percentage of the workdays in the workplan specific to that Operating Company (calculated per person per actual workday worked up to the effective date of such termination but not to exceed 120% of the budgeted to date workdays in the Project workplan for that Operating Company). For example, if 60% of the workday budget for an Operating Company has been expended at the time of the decision to eliminate that Operating Company from scope, then the Fixed, Base Fee will be reduced by the proportion of the Fixed, Base Fee represented by the unused 40% of the workdays specific to that Operating Company. Also, Client will pay Accenture the same percentage of the Individual Contingent Fee for that Operating Company as the percentage of workdays worked. In the example above, Client would pay Accenture 60% of the Individual Incentive Fee for that Operating Company. In the event that an Operating Company is added to scope, this qualifies as an Event type 4 in the Framework.

1.4. Third Party Products. Accenture, through its affiliated entity Proquire LLC, will make available hardware and software purchase options (including upgrades) for products offered by third parties that Client requires in connection with the Project. Client agrees to give Accenture comparable advance notice of Client's anticipated acquisition of such products as is provided to other vendors and Client agrees to give consideration to any bid submitted by Proquire LLC for such products, but Client may reject any such bid in its sole discretion without any liability to Accenture or Proquire LLC. If

Client accepts any such bid, Accenture may invoice, collect, and receive from Client all sums that are or become due to Proquire LLC, including taxes and shipping charges, pursuant to the terms that Client accepts as part of that bid, and Accenture will remain responsible for Proquire LLC's performance under those terms.

2. Payment for Services and Expenses.

2.1. Fixed Fees and Expenses. Client will pay Accenture a fixed base fee and a fixed amount on account of its expenses as set forth in this Section 2.1.

2.1.1. Fixed, Base Fee. The fixed base amount will be an aggregate, maximum of \$13,500,000 payable in installments as indicated in the table in Section 2.1.3. Each installment will be due and payable on the last day of each calendar month as set forth in Section 2.1.3.

2.1.2. Fixed Expenses. Client will pay Accenture on account of its expenses a fixed amount for each month and part thereof as set forth in the table in Section 2.1.3. Except as otherwise provided in Section 2.1.5, Client will pay Accenture, and Accenture will accept, that amount regardless of Accenture's actual expenses. Each such monthly payment on account of expenses will be paid at the same time as the payment of the Fixed, Base Fee under Section 2.1.1.

2.1.3. Payment Schedule. The fixed fees referred to in Section 2.1.1 and the fixed expenses referred to in Section 2.1.2 are payable on the dates set forth below.

Fixed Fee	Fixed Expenses	Total	Payment Date
\$192,000	\$32,709	\$224,709	11/30/00
\$432,000	\$73,600	\$505,600	12/31/00
\$720,000	\$122,667	\$842,667	1/31/01
\$720,000	\$122,667	\$842,667	2/28/01
\$720,000	\$122,667	\$842,667	3/31/01
\$720,000	\$122,667	\$842,667	4/30/01
\$720,000	\$122,667	\$842,667	5/31/01
\$720,000	\$122,667	\$842,667	6/30/01
\$720,000	\$122,667	\$842,667	7/31/01
\$720,000	\$122,667	\$842,667	8/31/01
\$720,000	\$122,667	\$842,667	9/30/01
\$720,000	\$122,667	\$842,667	10/31/01
\$720,000	\$122,667	\$842,667	11/30/01
\$720,000	\$122,667	\$842,667	12/31/01
\$696,000	\$118,578	\$814,578	01/31/02
\$540,000	\$92,000	\$632,000	02/28/02

\$480,000	\$81,778	\$561,778	03/31/02
\$360,000	\$61,333	\$421,333	04/30/02
\$360,000	\$61,333	\$421,333	05/31/02
\$360,000	\$61,333	\$421,333	06/30/02
\$360,000	\$61,333	\$421,333	07/31/02
\$360,000	\$61,333	\$421,333	08/31/02
\$360,000	\$61,333	\$421,333	09/30/02
\$360,000	\$61,333	\$421,333	10/31/02
\$13,500,000	\$2,300,000	\$15,800,000	--

2.1.4.2.1.4. Business Integration Program. The amounts paid under Sections 2.1.1 and 2.1.2 do not cover any amounts that may be due to Accenture or Proquire LLC as a result of the acceptance by Client of any bid or offer made to it by Proquire LLC in accordance with Section 1.3.

2.1.5. Changes in Fixed Amounts. No changes in the scope of, or other matters affecting, the Project will change the fee or expense amounts specified in Sections 2.1.1 and 2.1.2 except as specifically noted in the Framework. If an event identified in the Framework occurs, the Parties will discuss the resulting impact on Accenture's fees and expenses and/ or adjustments to the Services. Disputes over whether such an event has occurred or will occur, or over the resulting impact and/or adjustments, will be determined expeditiously in accordance with the process described in Section 13.3. If any such event occurs, the adjustments shown in the column of the Framework with the heading "Effect On Base Amount" (and only those adjustments) will be made to the fixed amounts due under Sections 2.1.1 and 2.1.2.

2.1.6. Initial Windows. The initial windows "Initial Windows" targeted for Conversion of each Operating Company are set forth below in Table 2.1.6:

Table 2.1.6 – Initial Target Conversion Windows	
Operating Company	Initial Window
New Jersey	2 nd Quarter, 2001
Long Island	2 nd Quarter, 2001
West Virginia	2 nd Quarter, 2001
Pennsylvania	3 rd Quarter, 2001
Ohio Citizens	3 rd Quarter, 2001
St. Louis County	3 rd Quarter, 2001
Illinois	1 st Quarter, 2002
California	1 st Quarter, 2002
New Mexico	1 st Quarter, 2002
Hawaii	3 rd to 4 th Quarter, 2002
Indiana	2 nd Quarter, 2002
Tennessee	3 rd to 4 th Quarter, 2002

Table 2.1.6 – Initial Target Conversion Windows	
Virginia	3 rd to 4 th Quarter, 2002
Maryland	3 rd to 4 th Quarter, 2002
Kentucky	3 rd to 4 th Quarter, 2002
Missouri	3 rd to 4 th Quarter, 2002
Iowa	3 rd to 4 th Quarter, 2002
Ohio	3 rd to 4 th Quarter, 2002
Connecticut	3 rd to 4 th Quarter, 2002
Massachusetts	3 rd to 4 th Quarter, 2002
New York	3 rd to 4 th Quarter, 2002
Hampton	3 rd to 4 th Quarter, 2002
Salisbury	3 rd to 4 th Quarter, 2002
Arizona	3 rd Quarter, 2001

1.2.2.2. Contingent Fee – General Principles. Accenture will be eligible for two types of contingent, incentive fees if the Project achieves certain objectives, as determined and described in this Section. The two sentences immediately following this one contain a general statement of the principles governing payment and amounts of the contingent incentive fees, if any. The contingent fees, if any, will be determined by the achievement of certain schedule targets for the Conversion of the Operating Companies onto the Orcom E-CIS application. There are two categories of contingent fee: (i) one based on Conversion of each individual Operating Company within the Target Conversion Window as set forth in Section 2.2.1 (each, an “Individual Contingent Fee”); and (ii) a second based on the Conversion of all Operating Companies within a major milestone grouping as set forth in Section 2.2.2.

2.2.1. Individual Operating Company Contingent Fee. The Individual Contingent Fees are calculated pursuant to Section 2.2.1.2 and based on the Conversion of each Operating Company within or before the Target Conversion Window and the degree of disruption caused to the Operating Company as a result of the conversion, both determined as follows:

2.2.1.1. Determining Target Conversion Window Dates. Client and Accenture together shall agree on the conversion schedule for each Operating Company, by identifying in writing a target thirty (30) day window for the conversion of each Operating Company four (4) months in advance of the start of the Initial Window set forth in Section 2.1.6. The Parties shall narrow this scheduled target to a nine (9) day window (the “Target Conversion Window”) two (2) months in advance of the start of the Initial Window set forth in Section 2.1.6. Unless changed by the Parties’ mutual agreement in accordance with Section 2.1.5, the Target Conversion Window will end no later than the end of the Initial Window set forth in Section 2.1.6. The “Target Conversion Window” is used to determine whether the Individual Contingent Fee is payable for a particular Operating Company.

2.2.1.2. Determination of each Individual Contingent Fee. The total possible aggregate amount of all Individual Contingent Fees is \$3,500,000. Although Table 2.2.1.2 is determinative for the purposes of calculating each Individual Contingent Fee, the amount is allocated according to the formula below, which accounts for both the number of customers served by the Operating Company and the complexity of the effort required to achieve a Conversion for that Operating Company. Generally, the Individual Contingent Fee amounts are calculated as follows: adding together: (i) the product of \$.75 and the number of customers in Table 2.2.1.2; and (ii) a dollar figure (the “Complexity Fee”) associated with the predicted complexity of the conversion (regardless of what the

actual complexity turns out to be.) The Complexity Fee shall be: (a) \$69,000 for highly complex conversions; (b) \$46,000 for conversions of medium complexity; and (c) \$23,000 for conversions of low complexity. Note: the contingent fee amount for New York is adjusted up by \$650 for rounding purposes.

Table 2.2.1.2 - Individual Contingent Fees			
Operating Company	# of Customers	Complexity	Contingent Fee Amount
New Jersey	363,000	M	\$318,250
Long Island	75,000	H	\$125,250
West Virginia	155,000	L	\$139,250
Pennsylvania	586,000	M	\$485,500
Ohio Citizens	15,000	M	\$57,250
St. Louis County	306,604	H	\$299,250
Illinois	289,104	H	\$285,750
California	165,122	M	\$169,750
San Jose Water Co.	216,000	H	\$231,000
New Mexico	13,523	M	\$56,500
Hawaii	23,404	L	\$40,250
Indiana	256,008	M	\$238,000
Tennessee	69,470	H	\$120,750
Virginia	51,624	M	\$85,000
Maryland	4,685	M	\$49,750
Kentucky	96,457	H	\$141,000
Missouri	105,757	M	\$125,500
Iowa	56,078	L	\$65,000
Ohio	41,864	L	\$54,500
Connecticut	26,941	L	\$43,250
Massachusetts	16,781	H	\$81,750
New York	11,784	L	\$32,000
Hampton	8,271	H	\$75,000
Salisbury	3,004	H	\$71,250
Arizona	121,000	L	\$109,250
TOTALS	3,078,000		\$3,500,000

2.2.1.3. Qualification for Individual Contingent Fee. Accenture shall qualify for payment of the percentage of the Individual Contingent Fee specified in Section 2.2.1.4 for each Operating Company for which (i) the configuration is placed in production within the applicable Target Conversion Window and (ii) the configuration has undergone Conversion (as defined below) during the sixty (60) consecutive day period following the date the configuration is placed in production. Each Operating Company will be deemed to have converted ("Conversion") when, the configuration for that Operating Company has successfully passed pre-production testing, has been placed in production, and: (a) all of the customers of that Operating Company (except those customers that Client intends to service manually) are served by the consolidated customer service center using the Orcom E-CIS application; and

(b) the configuration operates such that the Operating Company is able to utilize the customer services center functionality in an effective and economical manner. However, for any configuration that initially operates in accordance with such standard, and then fails to do so at any time(s) during the sixty (60) consecutive day period following the date the configuration is placed in production, Conversion shall be deemed to have occurred on the latest date such standard is met for a sixty (60) consecutive day period. In the case of the Operating Companies that currently use the Orcom E-CIS application, Conversion refers to the migration of customers to a common version and control file set of E-CIS. The foregoing notwithstanding, Contingent Fees shall be payable if the criteria above have not been met (i) for reasons that are outside of the reasonable control of Accenture (or its agents or subcontractors), (ii) as a result of circumstances that, upon the exercise of sound professional judgment and with due inquiry by Accenture, were not known to Accenture on or before the time the configuration was placed in production, or (iii) as a result of changes made to the production environment after the date the configuration was placed in production.

2.2.1.4. Percentage Payable of Individual Operating Company Contingent Fee. For each Operating Company for which the criteria in Section 2.2.1.3 (i) and (ii) have been met, the percentage, if any, of the Individual Contingent Fee payable to Accenture is determined by comparing the actual Conversion date to the Target Conversion Window. For Conversions occurring within or before the Target Conversion Window, the percentage payable is 100% Individual Contingent Fee associated with that Operating Company in Table 2.2.1.2. For Conversions occurring within seven (7) days after the end of the Target Conversion Window, the percentage payable is seventy five percent (75%) of the Individual Contingent Fee associated with that Operating Company in Table 2.2.1.2. For Conversions occurring between eight (8) and fourteen (14) days after the end of the Target Conversion Window, the percentage payable is fifty percent (50%) of the Individual Contingent Fee associated with that Operating Company in Table 2.2.1.2. If a conversion has not occurred by fourteen (14) days after the Target Conversion Window, then Client will pay no Individual Contingent Fee to Accenture for that Operating Company.

2.2.2. Major Milestone Contingent Fee. The second category of contingent fee that Accenture may qualify for under this Agreement is a contingent fee for achievement of one or more of the First Major Milestone (as defined below), the Second Major Milestone (as defined below), and the Third Major Milestone (as defined below). There are three major milestones, the first of which has a potential value of Two Hundred Thousand Dollars (\$200,000), the second of which has a potential value of Two Hundred Thousand Dollars (\$200,000), and the third of which has a potential value of Two Hundred Thousand Dollars (\$200,000).

2.2.2.1. First Major Milestone. The first major milestone target date (the First Major Milestone) will be set as the end of the Target Conversion Window established for whichever of the following Operating Companies has the latest Target Conversion Window: New Jersey, Long Island, West Virginia, Pennsylvania, and St. Louis County. If Accenture and Client achieve Conversion of the New Jersey, Long Island, West Virginia, Pennsylvania, and St. Louis County Operating Companies by the First Major Milestone, then Client shall pay Accenture Two Hundred Thousand Dollars (\$200,000).

2.2.2.2. Second Major Milestone. The second major milestone target date (the Second Major Milestone) will be set as the end of the Target Conversion Window established for whichever of the following Operating Companies has the latest Target Conversion Window: Illinois, California, New Mexico, and Indiana. If Accenture and Client achieve Conversion of the Illinois,

California, New Mexico, and Indiana Operating Companies by the Second Major Milestone, then Client shall pay Accenture Two Hundred Thousand Dollars (\$200,000) in addition to the payment set forth in Section 2.2.2.1, if any.

2.2.2.3. Third Major Milestone. The third major milestone target date (the Third Major Milestone) is October 31, 2002. If Accenture and Client achieve Conversion of all Operating Companies by the Third Major Milestone, then Client shall pay Accenture Two Hundred Thousand Dollars (\$200,000) in addition to the payments, if any, set forth in Sections 2.2.2.1. and 2.2.2.2.

2.2.2.4. Adjustments to Major Milestones. The first Major Milestone Target Date and the second Major Milestone Target Date may be changed upon mutual written agreement of the Parties. The Parties agree to discuss such changes in good faith upon the occurrence of circumstances beyond the control of the Project when the milestone was set. The Parties also may agree in writing to substitute one or more of the Operating Companies defined in the first Major Milestone on the basis of business need. By way of example and not of limitation, the Parties may agree to substitute New Mexico for California due to regulatory concerns.

2.3. Invoices; Payment Terms. Except as provided in Section 2.1.5, Client will pay Accenture the fixed, base fee determined under Section 2.1.1 and the Fixed Expenses under Section 2.1.2 according to the payment schedule provided in Section 2.1.3. Client will pay Accenture each Contingent Fee for which Accenture qualifies under Section 2.2 promptly upon receipt of an invoice. Client will pay all other amounts due hereunder within thirty (30) days of receipt of invoice. Any invoice remaining unpaid for more than thirty (30) days from receipt by Client shall accrue interest at a rate of the lesser of one and one-half (1.5%) percent per month or the highest rate allowed by law. In the event of any good faith dispute with regard to a portion of an invoice, the undisputed portion shall be paid as provided herein. Upon resolution of the disputed portion, any amounts owed to Accenture shall be paid with interest calculated at the rate set forth above, accruing from the date such amounts were originally due.

2.4. Client Team Incentives. Client's Project Team agrees to devise and to use best efforts to present and pursue within Client an incentive package for Client employees who are part of the Project Team that reflects the contingent fee structure outlined in Sections 2.2.1 and 2.2.2.

2.5. Integration Projects. In addition to this Project, Client will complete a series of integration projects that will integrate the Citizens and San Jose Operating Companies into existing legacy CIS databases. This effort is not covered in the scope of this Agreement. Client commits to completing these projects within a schedule that does not adversely affect the schedule of this Project. Failure to meet this condition will qualify as an Event type 3 under the Framework.

2.6. Taxes. Client shall pay for all taxes, including any interest and penalties from any related deficiency, in connection with this Agreement (except taxes based on or measured by Accenture's net income and the taxes referred to in the last sentence of this Section) including any sales, use, excise, value-added, services, consumption, withholding and other taxes and duties assessed on the provision of services by Accenture to Client or on Accenture's charges to Client under this Agreement including the reimbursement of expenses. The Parties shall cooperate in good faith to minimize any such tax liabilities to the extent legally permissible, should they arise. Accenture shall pay and be responsible for reporting all taxes arising from any payments which Accenture makes to its personnel, (including the withholding

or payment of all employment or federal, state or local income taxes with respect thereto), workers' compensation, disability benefits, and employee's and employer's share of payroll taxes and the like for its personnel.

3. Management of Third Party Delivery Risk

3.1. Commitment Packages. In separate agreement(s), Client has engaged Orcom Solutions Inc. ("Orcom") to provide application software products and related professional services to the Project. To manage the risk to the delivery schedule and the magnitude of the workday effort, Client and Accenture project management will create commitment packages ("Commitment Packages") in order to document the commitments made to Client by Orcom. There are three (3) categories of Commitment Packages: Delivery, Resources, and Software Quality. These same principles may also be applied to other application or service providers not specifically mentioned in this Agreement. Accenture has no responsibility for any third party software or deliverables.

3.1.1. Delivery Commitment Packages. Throughout the Project, there will be instances in which Orcom will be required to make modifications to its base E-CIS software. The decision to request these modifications will be based on the functional and technical scope, and system performance targets for the Project to be managed jointly by the Client and Accenture project managers. It is anticipated that this work will be completed at the Orcom site in Bend, Oregon. Needs for Orcom to complete work offsite will be grouped periodically into Delivery Commitment Packages. These packages will include the detailed specifications of the work to be performed by Orcom, acceptance criteria to be used in judging the completeness of the work package, and a target completion date. Each of the Client, Accenture, and Orcom project managers on the team will sign off on each Delivery Commitment Package.

3.1.2. Resource Commitment Package. In addition to work performed offsite, it is also expected that Orcom will provide personnel to the Project to work as team members, working to complete tasks assigned to them under the project workplan. Needs for Orcom to provide personnel to the Project will be grouped into Resource Commitment Packages. The packages will include job responsibilities, deliverables (if appropriate), skill profile, and the start and end dates for each individual. Each of the Client, Accenture, and Orcom project managers on the team will sign off on each Resource Commitment Package.

3.1.3. Software Quality Commitment Package. In order to meet schedule deadlines, the Project Team will rely on the quality of the base E-CIS package and any pre-packaged additions to the base package (e.g., the FDM meter management application). Client and Accenture will jointly create and sign off on a Software Quality Commitment Package within thirty (30) calendar days after the Effective Date to document their acceptance criteria for the base E-CIS application software.

3.2. Failure to Meet Terms Defined in Commitment Packages. In the event that Orcom fails to meet its obligations as defined in a Commitment Package, Item 3 of the Framework will apply. In the event that Orcom does not agree to the terms of one or more Commitment Packages (assuming, consistent with Section 3.1, that Client and Accenture have agreed that the content of the Commitment Package is reasonable), this qualifies as an Event type 3 under the Framework.

4. Client's Responsibilities.

4.1. Assumptions and Responsibilities. In connection with Accenture's provision of Services, Client shall perform those tasks and fulfill those responsibilities specified in Appendix A as Client's responsibilities ("Client Responsibilities"). Appendix A also contains assumptions related to the performance of the Services by Accenture. Client understands that Accenture's performance depends on Client's timely and effective performance of Client Responsibilities hereunder and timely decisions and approvals by Client. Accenture shall promptly inform Client in writing when Accenture becomes aware of Client's failure to perform the Client Responsibilities so that Client may correct any such failures. Accenture shall be entitled to rely on all decisions and approvals of the Client in connection with the Services performed by Accenture if they are in writing and signed on behalf of the Client. Changes in decisions and approvals are subject to Section 1.2. In particular, the Client shall be responsible for the complying with applicable laws in its use and operation of the Deliverables provided under this Agreement.

4.1.1. Information Systems ("IS") Responsibilities. Client acknowledges that the Project Team is dependent on the Client IS organization for certain critical path dependencies. Accenture commits to working with the management team of the Project to communicate these dependencies to IS with reasonable advance notice.

4.1.1.1. IS Operations. Client IS acknowledges responsibility for the planning, testing, and execution of IS Operations related to the Orcom E-CIS application as outlined by the Project Team. Operations includes but is not necessarily limited to creation of control language for batch, execution of batch jobs, verification of system balances, backups, application and hardware disaster recovery, and management of the data network up to the point where that network connects with the customer service center in Alton, Illinois. Accenture acknowledges responsibility to advise IS when Accenture becomes aware of an IS Operations issue arises that Accenture believes may adversely affect the performance of the Project.

4.1.1.2. Application Maintenance. Client acknowledges responsibility for Application Maintenance- (as defined below) with the exception of deferred items ("Deferred Items") as defined below in 4.1.1.3. The testing and implementation of Deferred Items will be the joint responsibility of the Project Team and Application Maintenance. "Application Maintenance" is defined as the maintenance of the Orcom E-CIS application once it is in production. Application Maintenance includes but is not limited to responding to urgent application errors, upgrading application versions, applying code fixes from the application vendor, modifying configuration tables, modifying (or causing Orcom to modify) application code, testing of changes to the application prior to migration into production, and managing the contractual relationship between Client and Orcom. Furthermore, the Client commits that the staffing of the team that will provide Application Maintenance (the "Application Maintenance Team") will not affect Client's contribution of resources to the Project Team.

4.1.1.3. Deferred Items. Accenture and Client acknowledge that, in order to meet Project milestones, Client management and Accenture may jointly agree to postpone the implementation of certain modifications and program fixes that comprise functionality that was either: (i) assumed in the original business case ("Business Case") for the National Call Center; (ii) contemplated in the design of operations and procedures for the National Call Center by the Business Architecture Team subsequent to the development of the Business Case; or (iii) were delivered by Orcom and ready for

testing less than three (3) weeks prior to the go-live for an Operating Company. In these instances, and as part of the implementation, Accenture will test and implement these modifications and program fixes in production in a timely manner, defined as within three months of the respective Operating Company's conversion to the Orcom E-CIS 5.1.8 version with common control file set. The foregoing sentence shall not be construed as requiring Accenture to maintain the implemented Operating Company.

4.1.1.4. Transition to Application Maintenance. Client's responsibility to provide Application Maintenance support begins on the date the configuration for each Operating Company is placed into production. Members of Accenture's Project Team will supplement Client's Application Maintenance Team, to the extent required to perform Accenture's obligations for achieving Conversion in the predetermined period immediately following the conversion date (see Section 2.2.1.3), to perform Accenture's warranty obligations under Section 8.4, and to implement Deferred Items.

4.1.2. Client Resources. Client agrees to provide qualified resources to the team to perform Client's obligations hereunder and in accordance with the workplan attached hereto as Appendix C. Client and Accenture may also mutually agree to additional Client resource requirements. Client acknowledges that failure to provide qualified Client resources as defined by mutual agreement or by the workplan qualifies as an Event type 3 under the Framework.

4.2. Support for Accenture Personnel. In addition to any particular items specified in Appendix A, Client shall supply on-site Accenture personnel with suitable office space, desks, storage, furniture, and other normal office equipment support, reasonable computer resources (including necessary third party rights to use software), telephone and facsimile service, postage, copying, secretarial support, word processing, and general office supplies which may be necessary in connection with Accenture's performance of its Services under this Agreement. Specifically, Client will provide Accenture team members who require it with a suitable personal computer with access to the Client corporate LAN as well as access to the appropriate AS/400 environments.

4.3. Responsibility for Persons and Property. Accenture shall be responsible for returning to the Client all property of the Client made available for the use of Accenture personnel in the same condition that it was made available, reasonable wear and tear excepted. In all other respects, Accenture shall indemnify, defend, protect and hold Client and its agents and employees harmless from and against any and all liabilities, claims, demands, suits, judgments costs and expenses (including reasonable attorneys fees and other costs of defense) and causes of action relating to injury, illness or death of any person or damage to or destruction of any tangible personal or real property that results from Accenture's negligent or willful activities or omissions under this Agreement, including, without limitation, any of the foregoing that arises from any negligent or willful activities or omission of any person that it employs or retains in connection with this Agreement. Accenture will at all times during the course of this Agreement carry insurance in kind and amounts adequate to protect Client against all such liabilities.

4.4. Compliance with Laws. Each Party shall retain responsibility for its compliance with all applicable federal, state and local laws and regulations that pertain to the business of the respective party.

5. Ownership of Work Product.

5.1. Pre-Existing Materials. Except as set forth in Section 5.2, each Party retains all right, title and interest (including all patents, copyrights, trade secrets, trade marks or other intellectual property rights) in their respective pre-existing materials (and any materials developed by such Party) that it provides to the other Party and this Agreement does not grant any rights or licenses except as expressly set forth herein, and no other right or license is to be implied by or inferred from any provision of this Agreement or by the conduct of the Parties. In furtherance, and not in limitation of the foregoing, this Agreement shall not be construed in any manner as a grant from Client to Accenture of any rights held by any third party, including, without limitation those held by Orcom in the Orcom software. Client shall be responsible for obtaining all consents for Accenture to use third party software to conduct Services under this Agreement.

5.2. Work Product and Deliverables. The Licensees, (as that term is defined below) shall have a perpetual, non-transferable, non-exclusive, irrevocable, fully paid-up, royalty free right and license to use, copy, modify, prepare and have prepared derivative works of the Deliverables originally developed by Accenture individually or jointly with Client in the course of Accenture's performance of the Services. Each Licensee's rights in the Deliverables licensed to it shall be for the purposes of (i) using the Deliverables for such Licensee's internal customer response and information needs, and (ii) using the Deliverables under arrangements where such Licensee acts as a service bureau, providing customer response and information services for the internal needs of other companies in the utility industry, including the right for the customers of such other companies to access the Deliverables in connection with such purpose. As between each Licensee and Accenture, all other intellectual property rights in the Deliverables shall remain in Accenture. To the extent that any such Deliverable contains material that contains confidential information of a Licensee, it will be subject to Section 7. The Parties will cooperate with each other and execute such other documents as may be reasonably deemed necessary to achieve the objectives of this Section. For the purposes of changing the entity holding the license granted hereunder and without expanding the scope of such license, Client may assign its rights in the Deliverables to an Affiliate. As used herein, "Licensee" means Client or an Affiliate of Client and "Affiliate" means any entity listed in Appendix B, or any other entity that, at the time such determination is made, directly or indirectly, controls, is controlled by, or is under common control with, the Client.

5.3. General Skills. In no event shall either Party be precluded from developing for itself, or for others, materials that are competitive with the Deliverables, regardless of how similar to the Deliverables they are. In addition, Accenture will be free to use its general knowledge, skills and experience, and any ideas, concepts, know-how, and techniques within the scope of its consulting practice that are used in the course of providing the Services hereunder.

6. Proprietary Items.

In the course of performance hereunder, Accenture may use products, materials, tools and methodologies that are proprietary to Accenture or to third parties (collectively "Proprietary Items"); provided however that Accenture agrees that no Proprietary Items will be included in any of the Deliverables without Client's prior written consent. As between Client and Accenture, Proprietary Items will be deemed Confidential Information of Accenture for purposes of Section 6. Included among the Proprietary Items of Accenture are tools that Accenture identifies as Solution Construction Aids ("SCAs"), which Accenture makes available to clients under separate licensing terms. Examples of SCAs would include issue management tools, conversion tools, or test script generators. Client shall have or obtain no rights in such Proprietary Items (or in any modifications or enhancements to them) other than (i) to use them as

authorized by Accenture in writing from time to time solely for purposes of performing Client Responsibilities, (ii) to the extent the Proprietary Items are incorporated into, or are necessary to use, a Deliverable, to use them as part of the Deliverable in accordance with this Agreement, or (iii) pursuant to Accenture's standard license for such Proprietary Items or, in the case of Proprietary Items owned by third parties, pursuant to terms acceptable to the applicable third party. If Proprietary Items are made available to Client under (i) or (ii) above, they will be made available in an "AS IS" condition and without express or implied warranties of any kind; those Proprietary Items made available under (iii) above shall be subject only to applicable terms of the applicable license. However, notwithstanding the foregoing, Accenture will make available without any additional cost or charge to Client all licenses to use SCAs to the extent such licenses are necessary or advisable in order to enable the Parties to carry out their respective duties under this Agreement and A in a timely and effective manner, or are required by Client in a post production support environment of the Deliverables.

7. Confidential Information.

7.1. Background. During the course of Accenture performing Services for Client, each Party may be given access to information (in hard copy and/or electronic form) that relates to the other Party's past, present, and future research, development, business activities, products, services, and technical knowledge, or otherwise is identified by the disclosing Party as confidential ("Confidential Information"). In connection therewith, the following subsections will apply:

7.2. Use of Confidential Information. The Confidential Information of the disclosing Party may be used by the receiver only in connection with the Services of Accenture or as otherwise expressly permitted by this Agreement.

7.3. Non-Disclosure. Neither Party will disclose to any other person any information about the other Party's clients or customers (whether or not such information is regarded by Client or its customer as confidential).

7.4. Care of Confidential Information. Each Party agrees to protect the confidentiality of the Confidential Information of the other Party in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event shall either Party exercise less than reasonable care in protecting the other Party's Confidential Information. Access to the other Party's Confidential Information shall be restricted to the personnel of Accenture and Client who are engaged in a use permitted hereby.

7.5. Return of Confidential Information. All Confidential Information made available hereunder, including copies thereof, shall, unless the receiver is otherwise allowed to retain such Confidential Information pursuant to this Agreement or any other agreement between the Parties, be returned or destroyed upon the first to occur of: (a) completion of the Services to be performed by Accenture hereunder; (b) request by the discloser; or (c) termination or expiration of this Agreement and the Appendix. Each Party may retain, subject to the terms of this Section, copies of the other Party's Confidential Information required for compliance with applicable law.

7.6. Exceptions. Nothing in this Agreement shall prohibit or limit either Party's use of information (including, but not limited to, ideas, concepts, know-how, techniques, and methodologies) (i) previously known to it without obligation of confidence, (ii) independently developed by or for it, (iii) acquired by it from a third party that which is not, to its knowledge, under an obligation of confidence with respect to such information, or (iv) which is or becomes publicly available through no breach of this Agreement.

7.7. Legal Process. If either Party receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information of the other Party, it shall provide prompt notice to the other of such receipt. The Party receiving the subpoena shall thereafter be entitled to comply with such subpoena or other process to that extent permitted by law. Services provided hereunder in no event include Accenture acting as an expert witness or otherwise providing litigation support services.

8. Warranties.

8.1. Accenture warrants that its Services will be performed in a good and workmanlike manner. The Services, Deliverables and work product described in Appendix A shall, to the extent that they are performed by Accenture, its employees or contractors (excluding, however, services, deliverables or work product provided by Client, Orcom or other service providers not subcontractors of Accenture), conform without material defect to the descriptions and standards set forth in Appendix A and its attachment.

8.2. In the case of Deliverables accepted by Client under Section 8.4, Accenture warrants that such Deliverables (excluding, however, deliverables or work product provided by Orcom or other service providers not subcontractors of Accenture), to the extent prepared by it shall, during the Warranty Period (defined in Section 8.3), conform without material defect to the acceptance criteria.

8.3. The above warranties shall apply for sixty (60) days following the later of (a) completion of the Services at issue or (b) if applicable, Conversion of the Operating Company at issue as provided in Section 2.2.1.3 (the "Warranty Period").

8.4. Accenture will, at its expense, correct any nonconformity of the Deliverables pursuant to Section 8.2 which is identified by Client and reported to Accenture within the Warranty Period. Such report from Client must specify as to each such nonconformity how the Deliverable failed to substantially conform to the applicable acceptance criteria.

8.5. Accenture's Services under this Agreement will conform to generally accepted industry standards applicable to consulting services provided by persons with requisite training and skill and experience in planning and executing projects for customer information systems (CIS) conversions.

8.6. Accenture's personnel engaged in the Project will possess the requisite training and skill and experience in planning and executing projects for customer information systems (CIS) conversions.

8.7. Accenture's warranty obligations in regard to each Deliverable shall apply only where the version, release or model of any third party software or hardware used in conjunction with such

Deliverable is the same as the version, release or model agreed to by the Parties to create that Deliverable. Any changes to the version, release, model number or any updates, upgrades or enhancements to such software or hardware shall constitute a change subject to Section 1.2 of this Agreement.

8.8. DISCLAIMER. THE PRECEDING IS ACCENTURE'S ONLY WARRANTY CONCERNING THE SERVICES, ANY DELIVERABLE ITEMS AND ANY WORK PRODUCT, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT OR OTHERWISE.

9. Indemnification.

9.1. Personal Injury; Property Damage. Each Party shall indemnify, defend and hold harmless the other Party, its employees, principals (partners, shareholders or holders of an ownership interest, as the case may be) and agents, from and against any third party claims, demands, loss, damage or expense relating to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the negligence or willful misconduct of the indemnifying Party, its personnel or agents in connection with the performance of the Services hereunder.

9.2. Intellectual Property Infringements. Accenture will at its sole expense, defend, indemnify and hold Client harmless from and against any loss, claim damage or liability (or actions in respect thereof that may be asserted by any third party) to the extent that the same arises out of or directly relates to a third party claim against Client that any Deliverable infringes a United States patent in existence as of the date of delivery to Client, a copyright or a trade secret of any third party. Accenture will not indemnify Client, however, to the extent that the claim of infringement is caused by: (1) Client's misuse or modification of the Deliverable; (2) Client's modification of the Deliverable in a manner not permitted or authorized by Accenture; (3) Client's failure to use corrections or enhancements made available by Accenture at no expense to Client; (4) Client's use of the Deliverable in combination with any product or information not approved, owned or developed by Accenture (including products or information provided by Orcom); or (5) Client's distribution, marketing or use for the benefit of third parties of any Deliverable. If any Deliverable is, or in Accenture's opinion is likely to be, held to be infringing, Accenture shall at its expense and option: (a) procure the right for Client to continue using it, (b) replace it with a non-infringing equivalent, or (c) modify it to make it non-infringing. If, despite commercially reasonable efforts, Accenture is unable to accomplish either (a), (b), or (c) as set forth above, then Accenture may demand that Client return the infringing Work Product or Deliverable and Accenture shall refund to Client the fees paid for such Deliverable.

9.3. Client Indemnity. Client shall defend, indemnify and hold harmless Accenture and its partners and employees from and against any loss, claim, damage or liabilities (or actions in respect thereof that may be asserted by any third party) that may result from (i) any claims by or on behalf of any customer of Client or third party to whom Client provides services to the extent that the same arises out of or directly relates to the Services or any use by the Client of any Deliverable or any Orcom product, service or deliverable, or (ii) any claims by or on behalf of any contractor of Client in connection with any alleged wrongful act made by Client to such contractor. Client will reimburse Accenture for all expenses (including counsel fees) as incurred by Accenture in connection with any action or claim described above,

except to the extent any such claim is covered by the preceding indemnity obligations of Accenture and except to the extent that such claim arises from Accenture's negligence or breach of this Agreement.

9.4. Indemnified Party's Duties. To receive the foregoing indemnities, the Party seeking indemnification must promptly notify the other in writing of a claim or suit and provide reasonable cooperation (at the indemnifying Party's expense) and full authority to defend or settle the claim or suit. The indemnifying Party shall have no obligation to indemnify the indemnified Party under any settlement made without the indemnifying Party's written consent.

9.5. Mutual Insurance Obligations. Except as set forth in Section 4.3, each Party will determine the types and amounts of insurance coverage it requires in connection with this Agreement. Neither Party is required to obtain insurance for the benefit of the other Party. Each Party shall pay all costs and receive all benefits under policies arranged by it. Each Party waives rights of subrogation it may otherwise have regarding the other Party's insurance policies, including but not limited to property insurance, business interruption insurance, and other first-party insurance. However, nothing in this Section will relieve a Party of any obligation of indemnity or reimbursement it may have to the other Party under this Agreement.

10. Employees.

10.1. Personnel Replacement. To allow Accenture to be able to manage its participation in the Project most effectively, Accenture reserves the right to determine the personnel to perform the work, although Accenture will use reasonable efforts to honor Client's requests for specific individuals and to minimize personnel turnover. In addition, Scott Brown or Joe Heavener may only be removed from the Project if approved by Client or upon 90 days' notice to Client of Accenture's intention to reassign them. Client may, in its reasonable discretion and after consulting with Accenture, reject any of Accenture's personnel whose skills, experience, or performance, do not meet the standards necessary for the performance of the Services required for the Project. Upon written notice of such rejection, Accenture will immediately remove the rejected Accenture personnel from the performance of those Services and will thereafter promptly provide a suitable replacement.

10.2. Client's Instructions. Accenture's personnel will, whenever on the premises of the Client or any of its Affiliates, obey all reasonable instructions and directions issued by Client and observe all reasonable working rules and procedures in force on those premises.

10.3. Non-hire; Non-solicitation. Except as the other Party expressly authorizes in writing in advance, neither Party shall solicit, offer work to, employ, or contract with, whether as a partner, employee or independent contractor, directly or indirectly, any of the other Party's personnel while any such person is engaged in the Project or during the twelve (12) months after such person has ceased to be engaged in that project. For purposes of this Section 10.3, "Personnel" includes any individual a Party employs as a partner or employee and with which a Party comes into direct contact in the course of the Project.

10.4. No Joint Employment. Neither Party shall be deemed a joint employer of the other's employees, each Party being responsible for any and all claims by its employees, subject to Section 9.1. Neither Party's employees shall be deemed "leased" employees of the other for any purpose.

11. Independent Contractor.

In connection with this Agreement, each Party is an independent contractor and as such will not have any authority to bind or commit the other. Nothing herein shall be deemed or construed to create a joint venture, partnership, fiduciary or agency relationship between the Parties for any purpose.

12. Limitation of Liability.

12.1. Limitation on Damages. Except for claims subject to each Party's indemnification obligation under Section 9.1, Accenture's indemnification obligation under Section 9.2, and Client's indemnification obligation under Section 9.3, the limit of each Party's liability (whether in contract, tort, negligence, strict liability in tort or by statute or otherwise) to the other Party concerning its performance or non-performance under this Agreement or in any manner related to this Agreement (except for fees and expenses due and payable by Client), shall not, in the aggregate, exceed the fees and expenses paid by Client to Accenture hereunder. Client's exclusive remedy for any claim arising out of these arrangements shall be for Accenture, upon receipt of written notice pursuant to Section 12.2, to use commercially reasonable efforts to cure the breach at its expense, and failing that, the return of fees paid to Accenture for the work related to the breach.

12.2. Limitation on Consequential Damages. In no event shall either Party be liable to the other Party for consequential, incidental or punitive loss, damage or expenses (including but not limited to business interruption, lost business, or lost savings) even if it has been advised of their possible existence.

12.3. Timeliness of Claims. Any action by either Party must be brought within two (2) years after the cause of action arose.

12.4. Allocation of Liability. The allocations of liability in this Section 12 represent the agreed and bargained-for understanding of the Parties and Accenture compensation for its Services reflects such allocations. The Parties agree further that they will look only to the assets of the other Party in connection with any liabilities hereunder and in no event shall they have any claim against any shareholder, partner or holder of an ownership interest in the other Party in connection with this Agreement.

13. Termination.

13.1. Termination For Convenience. Client may at any time and without cause terminate this Agreement and Appendix A by giving thirty (30) days' prior written notice of termination to Accenture and paying any unpaid fixed fees and expenses specified in Sections 2.1.1 and 2.1.2 through the date of termination (prorated for any portion of a month during which this Agreement is in effect), plus: (i) an amount equal to the difference between all fees that Client has then paid Accenture under this Agreement and the fees for Accenture's actual time and materials expended (calculated at \$1430 per person per actual workday worked up to the effective date of such termination but not to exceed 120% of the budgeted to date workdays in the Project workplan); (ii) the actual costs reasonably incurred by

Accenture in connection with demobilizing and relocating Accenture personnel primarily dedicated to the Client account at the time of termination of this Agreement (but not any charges related to or based on such Accenture personnel's hourly or daily rates), and (iii) any reasonable costs or obligations, incurred or assumed by Accenture in the expectation of providing Services pursuant to this Agreement (including without limitation any unexpired lease, license or other contract relating to hardware, software, communication infrastructure or subcontracts). Accenture commits to providing detailed documentation in support of these expenses.

13.2. Termination For Breach. Either Party may, upon giving thirty (30) days' written notice identifying specifically the basis for such notice, terminate this Agreement for a material breach of this Agreement unless the Party receiving the notice cures the breach within the thirty (30) day period. In the event of a breach the non-breaching Party shall retain all its rights and remedies at law and equity. In addition to all other amounts due to Accenture hereunder, if Accenture terminates this Agreement for Client's uncured material breach, Client shall pay Accenture all fees and expenses due to Accenture under this Agreement through the date of termination and all amounts described in Sections 13.1 (i) and (ii).

13.3. Dispute Resolution. The Parties agree that, in the event of a dispute or alleged breach subject to Section 13.2 or under circumstances where the Parties cannot reach agreement on matters to be mutually determined under this Agreement, they will work together in good faith first, to resolve the matter internally by escalating it to higher levels of management and, then if necessary, to use any alternative dispute resolution technique that is mutually agreed prior to resorting to litigation. This provision shall not apply to disputes involving confidentiality or infringement of intellectual property rights (in which case either Party shall be free to seek available remedies in any forum).

13.4. The terms of Sections 2.3, 7, 8, 9, 10.3, 12, 17, and 18 shall survive termination of this Agreement or completion of any Appendix.

14. Severability.

If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the Parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the Parties herein set forth.

15. Notices.

Any notice or other communication given pursuant to this Agreement shall be in writing and shall be effective either when delivered personally to the Party for whom intended, or five (5) days following deposit of the same into the United States mail (certified mail, return receipt requested, or first class postage prepaid), facsimile (with confirmation of delivery) or overnight delivery services (with confirmation of delivery), addressed to such Party at the address set forth on the initial page of this Agreement. Either Party may designate a different address by notice to the other Party given in accordance herewith.

16. Force Majeure.

Neither Party shall be liable for any delays or failures in performance (other than payment obligations hereunder) due to circumstances beyond its reasonable control.

17. Complete Agreement; Miscellaneous.

17.1. Entire Agreement. This Agreement, the Appendices and their attachments set forth the entire understanding between the Parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter hereof. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the Parties hereto with respect to the subject matter hereof. Client acknowledges that it is entering into this Agreement solely on the basis of the agreements and representations contained herein, and for its own purposes and those of its Affiliates and not for the benefit of any other party.

17.2. Modifications. Neither this Agreement nor any Appendix may be modified or amended except by the mutual written agreement of the Parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the Party against which it is sought to be enforced.

17.3. Waiver. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

17.4. Assignment. Neither Party shall assign this Agreement or any of its rights, duties or obligations hereunder, without the prior written consent of the other Party.

17.5. Equitable Remedies. Each Party acknowledges that the other Party may be irreparably harmed if the first Party's obligations under Sections 7 and 10.3 of this Agreement are not specifically enforced and that the Party seeking enforcement may not have an adequate remedy at law if the other Party violated its obligations under those Sections. Therefore, each Party agrees and consents that in addition to any other remedies at law or in equity that the other Party may be entitled to seek an injunction or any appropriate decree of specific performance against the breaching Party or its personnel.

17.6. Severability. In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms.

17.7. Headings. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect the interpretation of this Agreement.

17.8. Non-Exclusivity. Nothing herein shall be deemed to preclude Client from retaining the services of other persons or entities undertaking the same or similar services as those undertaken by Accenture.

17.9. Publicity. Neither Party shall, without prior written consent of the other Party, use in advertising, publicity or otherwise the name of the other Party, or any affiliate of the other Party, or refer to the existence of this Agreement in press releases, advertising or materials distributed to prospective customers.

[Continued on following page]

18. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of New Jersey, without giving effect to conflict of law rules.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

ACCENTURE LLP

AMERICAN WATER WORKS SERVICE
COMPANY

By: Mark K. Hawn

By: John R. Bigelow

Name Mark K. Hawn

Name John R. Bigelow

Title Partner

Title Vice President

Date June 13, 2001

Date June 14, 2001

APPENDIX A to Consulting Services Agreement

Project Scope Responsibilities and Deliverables. The Deliverables for the Project consist of a number of items, but the essential, overall purpose of the Project is the Conversion of all of the Operating Companies within the Target Windows. The Project will consist of ten core teams highlighted below:

Project Management Team

Project Management will focus on providing specific Deliverables (e.g. process flows, job designs, business applications) through the balanced management of scope, quality, effort, risk, and schedule. Expectations of the key program sponsors (Rod Smith – Director CIS projects, John Bigelow – Vice President) will be gathered to help shape the program, and then a series of detailed planning activities are performed. These activities are:

- Developing a Program Plan that contains a consolidated work plan of all program activities, the program's schedule, organization, resource plans, dependencies, etc.
- Planning the Program Management Approach that addresses how the management of items such as risk, issues, human resources, quality, releases, etc. will be coordinated at the program level
- Planning the Delivery Approach that defines how the projects will address the development, evaluation (verification, validation, and testing), procurement, piloting, and deployment of the business capability
- Organizing the work into projects, and defining the various roles that will be needed to perform those projects
- Designing the Team Work Environment, which includes the technology infrastructure and tools that the program's Project Teams will use to perform their work
- Assisting with managing and overseeing the relationship with the software vendor, Orcom.

Conversion Team

The conversion team will focus on how the new E-CIS system's input data is extracted, calculated, and validated from existing legacy sources. The team will identify the conversion mapping requirements to the Orcom "quick convert" target file that will be required when the new application begins operation. The conversion team will:

- Ensure that all data required by the application will be available, and define the required conversions programs and procedures.
- Develop conversion mapping designed to permit only valid data to be accepted in the new application, the conversion mapping will list the validation rules for accepting and rejecting each new piece of data.

- Manage the completion of all conversion steps within the defined conversion window.

Interface Team

The Interface Team will focus on the design, build and test approach for all the common and unique interfaces required for all the Operating Companies. The common interfaces are those applications that can be reused with little to no modifications by all Operating Companies. The unique interfaces are those applications that require extensive customizations in order to execute successfully for a specific Operating Company. The major Deliverables will be to:

- Detail how inbound and outbound interfaces share data between the packaged software (Orcom Version 5.1.8 unless Client and Accenture agree to a new target version) and the legacy systems.
- Detail the interface architecture and how each interface executes within the architecture.
- Define the structure for the target and source interface files.
- Define how the interface programs will be scheduled, executed, and controlled.

Testing Team

The testing team will focus on the development activities that evaluates the Orcom solution against the business requirements. The testing approach focuses on the early detection and correction of errors in the stage in which it occurs. The team will:

- Develop the Test Approach: Provides the objectives, schedule, environment requirements, and entry and exit criteria for each Operating Company.
- Plan Test: Identifies test conditions and test cycles for each test stage.
- Prepare Test: Defines input data and expected results, scripts the test cycles, defines job streams, and prepares the cycle control calendar,
- Execute Test: Performs the scripts contained within the test model, compares the actual results to the expected results, and identifies and resolves discrepancies.

Implementation Team

The implementation team will coordinate the efforts between the Orcom integration Project Team, IS support groups, operations, key state-specific office and field personnel, and consolidated call center personnel. The primary focus of the implementation planning is to prepare resources participating in the cut-over activities, as well produce a detailed plan of key tasks, responsibilities, timeframes, and a final schedule for implementation of the Orcom software to the various sites. The implementation team will:

- Manage ownership and deployment issues, and interdependencies, between releases and across all Operating Companies.

- Promote the development of organizational commitment and support across all affected groups.
- Provide input to overall deployment planning across organizational units.

Configuration Team

The configuration team will focus on configuring the Orcom system to meet the specific business requirements of the organization. The purpose of the team will be to standardize as many Orcom E-CIS control files and their related command entries as possible across the different Operating Companies. The configuration team will be responsible to ensure that the control files and related commands are customized to support the business practices as well as:

- Demonstrate the common configuration supports the core business processes of each Operating Company.
- Confirm the unique requirements of each Operating Company,
- Identify potential modifications to the Orcom product,
- Analyze business impacts and training requirements.

Training Team

The training team will establish the training approach for the local district offices on the Orcom E-CIS system, in preparation for the conversion of each Operating Company, including the delivery process and the components of the training approach. The training team will be responsible for the five groups within the local district offices that will need access to the Orcom E-CIS system in order to carry out their daily functions. Training for the local districts encompass all CIS requirements for the following departments: meter shops, distribution departments, water quality departments, engineering departments, and accounting departments. Training deliverables for the local districts will be:

- Navigation: System access, account access, navigation, and search functions.
- Service Orders: Service order entry, modification, closing printing, service order crews, and reporting.
- Utility Contacts: Contact entry, modification, and closing.
- Premises: New premise entry: setting up new premise records, modifying existing records, re-routing, premise history, etc.
- Meter Inventory: FDM, entering new meters into inventory, tracking meter history, retiring meters, etc.
- Meter Reading: Meter reading upload and download functions, meter reading reports, meter reading batch processing, etc.

Reporting Team

The reporting team will focus on identifying the common and unique reports that are required to meet the needs of the different Operating Companies. Reporting is required to monitor the meter reading, billing, collecting, and service orders within the Orcom solution. The reporting team is responsible for communicating information to other systems (i.e. accounting interfaces) as well as third parties such as local and state taxing authorities, sewer authorities, and other federal, state, and local regulatory entities. The reporting team will be responsible for identifying:

- How reports will be produced and distributed to the business representatives.
- The location where reports will be stored so that business representatives who have the appropriate security level may access them,
- The approach to identify and access current and historical reports,
- The length of time that reports are stored before they may be purged,

Technical Architecture Team

The technical architecture team will focus on the selection and design of the technology infrastructure and establish plans for technical infrastructure releases and testing. The technology related requirements identified from the business objectives will be refined and decomposed into component requirements for the technology infrastructure i.e., testing environment and databases. The technology infrastructure requirements will need to support the business needs across development, execution, operations, and the physical network. The key Deliverables for the technical architecture team are to:

- Define the technical environments and databases for all of the development teams and document the production technical environments and databases,
- Select a version control package for the development effort,
- Define the code migration process for all teams,
- Define the strategy for security rights, and
- Confirm disk storage requirements for all development environments

Post-Production Support

Following the conversion of each Operating Company, workdays are included in the workplan for post-production support. The focus of the post production support effort is to supplement the Application Maintenance Team to fix problems with the application, configuration, or converted data that is preventing the creation of bills for customers or the serving of customers online in the national call center and to handle any Deferred Items as defined in the Consulting Services Agreement.

Scope Control

Client shall manage the scope of effort under the Agreement. Key points in achieving the Client's objectives will include: appropriate staffing by Client, Orcom, and Accenture, timely resolution of issues, and timely input regarding Deliverables and any other items to be reviewed by Client. Accenture will notify Client promptly when significant projected variances are identified.

Accenture's work to manage delivery of the Orcom transition project and to perform the other Services hereunder will be done at a fixed price based on a shared management of scope and shared commitment to a sound and cost-effective business solution.

Accenture has based the fixed price estimate upon interviews with knowledgeable Client personnel, its own knowledge from its support of the Project since April 2000, its development of the implementation plan, and the following assumptions:

- The number of Interfaces is expected to be 24 (Any interfaces identified in addition to the 24 already identified that materially affect workday estimates will be treated as additional scope items),
- The conversion team will utilize the "Quick Convert" programs as supplied by Orcom which will produce a balance forward conversion of customer financial information,
- Client and Accenture will act in good faith to minimize the number of reports for each Operating Company,

In the event that functional scope items are deferred from a release of Orcom E-CIS for an Operating Company, the Project Team will make every reasonable effort to test this functionality as appropriate, either included in releases of the application for subsequent operating companies or in other test environments, thereby avoiding the need for the Application Maintenance Team to test and install this functionality. The Application Maintenance Team will have responsibility for implementing these and any other functional changes for prior Operating Companies. For example, if a new estimating routine was deferred from the functional scope of Operating Company A because the coding was not completed in time for inclusion in Product Test, then the Project Team would make every reasonable effort to include this new estimating routine in the testing and implementation for the next Operating Company in the schedule. The Application Maintenance Team would take responsibility for applying this new functionality into Operating Company A's production environment.

Should either Party identify appropriate changes in scope or should either Party become aware of other matters arise that would affect Accenture's estimates, the Parties will promptly discuss the impact on Accenture's estimates.

Project Objectives

Accenture understands that Client seeks to complete its plan to transition each Operating Company to a common CIS system (Orcom E-CIS) and version (5.1.8). Orcom has indicated that a change to version 6.x of E-CIS will have no impact on project schedule or budget. Accenture will work with Client to investigate this claim once version 6.x becomes available.

Framework for Changes to the Terms of the Arrangement.

The Framework below provides the approach for addressing the likely events that may arise during the Project which affect the assumptions or underlying economic model.

Event	Example	Effect on Base Amount	Effect on Incentive Amount
1. Faulty Design Decision	- Poor design of Common Conversion Architecture; Project Approach is poorly conceived or poorly thought out. - Slow decision making	- None. To the extent that a Faulty Design Decision causes more Services to be performed than originally anticipated, Accenture shall perform such Services at its own expense.	- None.

Event	Example	Effect on Base Amount	Effect on Incentive Amount
2. Stop Project	- AWW decides that it will go to a non-Orcom platform . - Long-term strike causes termination or suspension of the Project. - AWW is acquired by a third party that opts to terminate the Project. - AWW terminates the Project for convenience. - With respect to one or more Operating Companies, AWW opts to not implement the Orcom software at such Operating Companies.	- AWW pays Accenture the difference between the amount of the fixed base paid to date under this Agreement and Accenture's ordinary time & materials rates, which, for the purposes of this Agreement are deemed to be \$1430 per day with no incentive payments due. - Compensation for expenses is paid at the same dollar rate per month, but adjusted downwards or terminated to the extent that Services will not be performed.	- To the extent that the Agreement is terminated in its entirety, any incentive payments will be deemed paid by virtue of the increase in the daily rate to \$1430 per day. - To the extent that the Agreement is terminated in part, the incentive payments will be deemed paid for the Services already performed, by virtue of the increased rates. - No incentive payments will be made for Services not yet performed.

Event	Example	Effect on Base Amount	Effect on Incentive Amount
3. Slow Project (Necessary but unforeseen)	- Insufficient IS Support from AWW - Orcom does not meet the conditions of a Commitment Package. - AWW or Orcom fails to deliver agreed upon resources in a manner that causes a material impact on schedule or causes Accenture to provide workdays to cover for the missing workdays. - Delays in hardware availability.	- Ramp down the team; where possible re-deploy resources to another Operating Company conversion. - For each Accenture resource that cannot be redeployed or for each Accenture resource that is required to be added to the team to address the issue, AWW will pay Accenture for mutually agreed to workdays at Accenture's ordinary time and materials rates of \$1430 / day with expenses of \$200 per day.	- The Project schedule is delayed as required and new target dates are established for the contingent fee amounts.

Event	Example	Effect on Base Amount	Effect on Incentive Amount
4. An Unforeseen Change in the Scope of the Project	- AWW acquires a new Operating Company. - New meter management system (as opposed to interfaces with existing ones). - Conversion must occur on an accelerated schedule. - Orcom releases an unforeseen version of its software that materially delays or invalidates the Project. - Reporting requirements materially in excess of those previously identified must be produced. - Operating company not ready for conversion	- AWW pays Accenture for lost or additional workdays at the negotiated base rate of \$1170 per day per resource. - AWW pays Accenture for expenses at the rate of \$200 per day.	- Incentives are increased on a pro-rata basis in accordance with the incentives that were originally negotiated upon the Effective Date. - If a new Operating Company is added to scope, new incentive payments will be defined based on the principles defined in this agreement. - New conversion target dates established.

Framework Administration.

Framework administration may be performed by the Parties on a mutually agreeable basis, but if either Party anticipates difficulty in resolving issues related to the Framework, then this paragraph shall be applicable. If either Party identifies an issue or issues that it believes are events requiring resolution pursuant to the Framework, it shall give written notice thereof to an individual responsible for administering Framework issues. (Each Party shall appoint such an individual who shall be known as the "Contract Manager"). Such written notice will describe in reasonable factual detail the event that has taken place. In a separate section of the written notice, such Party preparing the notice also shall describe what category of event the foregoing factual description is describing, (e.g., "2 - Stop Project", "3- Slow Project", etc.) Within five (5) days of receiving such a written notice, the Party receiving the notice shall issue a response ("Response") to the notice that either agrees with the factual description or objects to the factual description. The Response shall also set forth any differences in the conclusions of the initial notice. Within five (5) days after the Response is received, each Party's respective Contract Managers shall meet and negotiate in good faith on a regular basis to resolve the issue or issues as expeditiously as

feasible. If the Contract Managers are unable to resolve the issue or issues within fifteen (15) days of the receipt of the Response, then either Contract Manager may state in writing to the other Contract Manager that they shall not be able to resolve the remaining issue or issues through continued negotiation. Within five (5) days of stating an inability to resolve the remaining issue or issues, the Contract Managers shall refer the issue or issues to the senior executives ("Senior Executives") of each Party with responsibility for managing the Parties' overall relationship. Included in such a reference will be a written statement issued by each Contract Manager to both Parties' Senior Executives describing in detail each Party's respective positions related to the issue or issues. Promptly after receiving such a written statement, the Senior Executives shall negotiate in good faith on a regular basis to resolve the remaining issue or issues within five (5) days of the date that the last written statement issued by the Contract Managers was received. Should the Senior Executives fail to resolve the issue or issues within a mutually agreeable timeframe that is not less than thirty (30) days, then either Party may pursue what ever rights it may have at law or in equity pursuant to Section 13.3.

Summary

In cases where Client and Accenture agree that Client resources can be appropriately replaced with Accenture resources, Accenture will attempt to provide staffing and will utilize the rate commensurate with the work.

Accenture will conduct periodic quality assessment reviews of the Services it performs under the Agreement, and believes that such reviews are a useful tool in helping to keep the Project on track and in understanding the Client's expectations. However, the Parties acknowledge that "quality" is a subjective concept, unless the Parties agree upon objective quality criteria. Accenture can and does, however, agree that it will meet its contractual obligations. Furthermore, in order for such quality reviews to be frank and candid, for the greatest benefit to both Client and Accenture, the Parties agree to keep them confidential to the greatest extent practicable.

APPENDIX B TO CONSULTING SERVICES AGREEMENT

Operating Companies in the following states:

New Jersey
New York
West Virginia
Pennsylvania
California
Illinois
Indiana
New Mexico
Hawaii
Tennessee
Virginia
Maryland
Kentucky
Missouri
Iowa
Ohio
Connecticut
Massachusetts
New Hampshire
Arizona

APPENDIX C TO CONSULTING SERVICES AGREEMENT

Workplan



Accenture LLP
100 Penn Square East
Philadelphia, PA 19107

January 17, 2003

Mr. John Bigelow
Vice President
American Water Works
1025 Laurel Oak Road
Voorhees, NJ 08043

Regarding: Implementation of Remaining Operating Companies

Dear John:

Accenture is pleased to provide this letter to American Water Works Service Company, Inc. ("AWW") which documents the parties' mutual understanding as to how Accenture will assist AWW in implementing the eight remaining operation companies into the National Call Center ("Project"). This letter amends the previous Consulting Services Agreement between American Water Works Service Company, Inc. and Accenture LLP dated June 30, 2001.

The contents of this letter are as follows:

- Objectives
- Key Assumptions
- Schedule and Staffing
- Project Fees and Expenses

Objectives

Accenture understands that AWW's primary objective for the Project is to implement the eight operating companies that were delayed from the original schedule outlined for the Orcom Transition Project into the National Customer Service Center ("Delayed Operating Companies").

Accenture understands that AWW's expectations of the Project are to:

- Continue testing full volume environments for each of the Delayed Operating Companies. This will include executing batch processes, executing bill comparisons against the legacy systems, and verify reporting metrics.
- Implement "In-Scope" changes into the Delayed Operating Company environments. (In Scope items are outlined in the Assumptions section below)
- Coordinate and execute the implementation of all Delayed Operating Companies into the National Customer Service Center.

Key Assumptions

The following are some of the assumptions and expectations that have been used to develop this agreement. Any material deviation from the Key Assumptions may cause changes to the Project schedule, fees and expenses, and level of effort required to perform the services covered by this agreement.

Conversion Schedule:

- The Revised Conversion Schedule for the Delayed Operating Companies is as follows:

Target Conversion Dates	
Operating Company	Conversion Date
Ohio	March 2003
Iowa	March 2003
Maryland	March 2003
Virginia	May 2003
Missouri	May 2003
Tennessee	July 2003
Kentucky	August 2003
Indiana	October 2003*

- The Conversion Date for Indiana is contingent upon service levels in the National Customer Service Center. The following average service levels, as measured for a one week period from August 22 – 29, 2003, must be met in order to convert Indiana into the National Customer Service Center in October 2003.

Minimum Acceptable Levels of Performance	
Metric	Indiana Go-Live Criteria
Service Level	> 70%
Average Speed to Answer	< 50 seconds
Avg % Abandon after 30 seconds	< 6.5%

- If external factors (e.g., storms, main breaks, increased absences, unusual increases in call volumes, etc.) cause a distortion in the metrics during this week, both parties agree to evaluate a different week.
- In the event that these Minimum Acceptable Levels of Performance are not met in August 2003, the conversion date of Indiana will be postponed to November 2003, unless otherwise agreed to by both parties.

Scope of Work:

Since the conclusion of the Orcom Transition project in October 2002, there have been modification requests for each of the Delayed Operating Company's version of the E-CIS application. These changes have been the result of tariff changes, acquisitions and various requests from business groups. Prior to 1/24/2003, a listing of all known modifications will be compiled; after which, AWW and Accenture shall mutually agree as to which items are within the scope of the Project. AWW's post-production support team will be responsible for implementing all "out of scope" items into the affected Delayed Operating Company environment. Any modifications that are discovered after 1/24/2003 will be evaluated by AWW and Accenture, and will be mutually agreed upon as to the scope status of the modification.

AWW will continue supporting the project by:

- Providing the necessary technical support for the Project on an as needed basis. This will include, but is not limited to: environment refreshes, legacy system extracts and code and control file migrations
- Providing access to Orcom resources to resolve applications defects
- Providing post-production support beginning at the go-live of each Delayed Operating Company
- Training local resources at each of the Delayed Operating Companies
- Providing access to business personnel to provide company specific functional insight and support to verify the application is working as intended.
- Testing corporate-wide modifications to the E-CIS applications prior to their implementation into the Delayed Operating Company environments.
- Obtaining all consents necessary from third parties required for Accenture to perform its obligations. AWW shall provide Accenture with access to client personnel and facilities sufficient for Accenture to fulfill its obligations.
- Committing the necessary resources and management involvement to support Accenture's work, in a timely manner, and to accomplish the objectives of the Project. The scope of the work as documented in this agreement and shall remain unchanged, except as the parties may mutually agree in writing.

Staffing

Reflective of the scope and objectives for the Project effort, Accenture will provide resources commensurate to complete this work. AWW recognizes the risks of not achieving the dates and the management team will meet on a weekly basis to discuss any variances from plan and actions to take with respect to any variances. To mitigate this risk, resources must be deployed, and decisions made, in a timely manner by the parties to ensure a smooth completion of the Project activities. Impacts on schedule will be documented if, and as, they arise.

Accenture will provide the following initial resources to participate as members of the Project in the following roles:

Resource	Role
Jay Zerbe	Management
Larry Mullen	Management
Aspen Thornton	Transition
Steven Nase	Implementation/Conversion
Kim Nye	Conversion
Chad Fairman	Conversion
Sergio DaSilva	Tester -TN
Jordan Rambo	Tester -MD, VA
Casey McNulty	Tester - IA, OH
Greg Cole	Tester - IN, MO
Ken Lee	Tester - MO
Ryan Taylor	Tester - KY, Interfaces
Brad Arthur	Interfaces
Alan Delena	Configuration

Jay Zerbe will be the Client Engagement Partner for this engagement. He will continue to have overall responsibility for managing the services performed by Accenture for AWW. Larry Mullen, a Manager from Accenture, will perform a Project Management role to coordinate Accenture's overall participation in the Project. In this role, Larry will secure Accenture staffing, coordinate subject matter resource identification/participation, maintain and administer business arrangements, serve as an escalation point for issues, and monitor overall delivery quality.

AWW will be responsible for providing access to the following resources or competent alternative resources on an as needed basis to assist with function specific issues:

- Leah Rudica - to assist with Meter Reading Testing
- Paul Clark - to assist with technical Meter Reading issues
- Brian Schaertel - to assist with Cash File changes
- Chandra Das - to assist with Usage Data issues

In addition, AWW will be responsible for providing full-time resources to assist with the conversion of Kentucky and Indiana during the timeframe indicated:

Proposed Resource	Function	Timeframe
Joe Pignio	Configuration	May 2003 through IN conversion
Joanne Bisciotti	Conversion Execution	May 2003 through IN conversion
Brian Schaertel/Paul Clark	Interfaces	May 2003 through IN conversion

Project Fees and Expenses

Accenture will perform its services on the Project on a fixed fee basis for both fees and expenses. The fixed fee amount will be \$1,800,000 with fixed expenses of \$200,000, payable in installments indicated below. Each installment will be due and payable on the last day of each calendar month as listed.

Fixed Fee	Fixed Expenses	Total	Payment Date
\$250,000	\$28,000	\$278,000	1/31/03
\$250,000	\$28,000	\$278,000	2/28/03
\$250,000	\$28,000	\$278,000	3/31/03
\$250,000	\$28,000	\$278,000	4/30/03
\$250,000	\$28,000	\$278,000	5/31/03
\$110,000	\$12,000	\$122,000	6/30/03
\$110,000	\$12,000	\$122,000	7/31/03
\$110,000	\$12,000	\$122,000	8/31/03
\$110,000	\$12,000	\$122,000	9/30/03
\$110,000	\$12,000	\$122,000	10/31/03
\$1,800,000	\$200,000	\$2,000,000	---

In addition to the fees listed above, Accenture shall qualify for the Individual Contingent Fees, as [provided for in the base agreement, for the Delayed Operating Companies of IA, OH, MD, VA, MO and TN sixty days following the conversion date, as outlined in the original Consulting Services Agreement. The Individual Contingent Fees are set forth in the table below:

Individual Contingent Fees			
Operating Company	# of Customers	Complexity	Contingent Fee Amount
Iowa	56,078	L	\$65,000
Ohio	41,864	L	\$54,500
Maryland	4,685	M	\$49,750
Missouri	105,757	M	\$125,500
Virginia	51,624	M	\$85,000
Tennessee	69,470	H	\$120,750
TOTALS	329,478		\$500,500

Since the responsibility for the conversions of Kentucky and Indiana will be a shared between AWW and Accenture, Accenture shall qualify for one-half of the Individual Contingent Fees for the Delayed Operating Companies of KY and IN as outlined in the table below:

Individual Contingent Fees (KY/IN)				
Operating Company	# of Customers	Complexity	Original Contingent Fee Amount	New Contingent Fee Amount
Indiana	256,008	M	\$238,000	\$119,000
Kentucky	96,457	H	\$141,000	\$70,500
TOTALS	352,465		\$379,000	\$189,500

Accenture shall qualify for one-half of the original Third Major Milestone payment upon the successful conversion of Indiana as outlined below:

Milestone Payment		
	Original Milestone Payment	New Milestone Payment
3rd Major Milestone	\$200,000	\$100,000

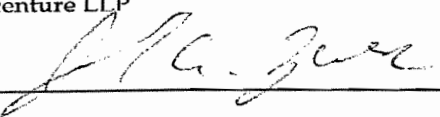
If the above is acceptable to you, please indicate the acknowledgment and agreement of AWW by having its authorized representative execute the block provided below and returning an originally signed copy of this letter to me. If you have any questions about this letter, please call me at (267) 879-2018.

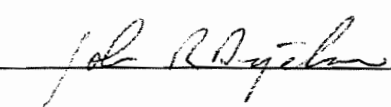
Sincerely,

Acknowledged and agreed:

Accenture LLP

American Waterworks Service Company, Inc.

By: 

By: 

Name: John A. Zerbe

Name: John R. Bigelow

Title: Partner

Title: VP

Date: January 16, 2003

Date: 2/20/03